

(I) CLEARING PROCEDURES

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1. SYSTEMS

- 1.1 The Clearing House's primary systems, to which Clearing Members and Sponsored Principals require interfaces, consist of:
- (a) Post-trade administration/clearing and settlement processing: ICE clearing systems including ECS, PTMS ~~and~~ ACT and ~~for Financials & Softs Contracts~~, Guardian (or any successor system) and UCP (or any successor system) (the "ICE Post Trade and Clearing Systems" or the "ICE Systems");
 - (b) Risk management: the ICE Systems and SPAN®;
 - (c) Banking: ECS;
 - (d) Deliveries: ICE in-house system and, for Financials & Softs Contracts, Guardian ~~(or any successor system) and UCP~~ (or any successor system);
 - (e) Billing: ICE in-house system; and
 - (f) Reporting and data file downloads: Managed File Transfer Service ("MFT").
- 1.2 These Clearing Procedures deal primarily with matters relating to post-trade administration, clearing and settlement and risk management. Details relating to finance and deliveries are set out in the Finance Procedures and Delivery Procedures respectively.
- 1.3 Clearing Members should immediately inform the Clearing House of any event, system-related or otherwise, that would prevent them from operating timely and accurately on the Markets cleared by the Clearing House. Clearing Members must, at all times, ensure that they are able to continuously monitor communication facilities for receipt of communications from the Clearing House.
- 1.4 Paragraphs 1, 2.1, 2.2, 2.5, 4 and 5 of these Clearing Procedures apply to Sponsored Principals in the same way as they apply to Clearing Members, subject to Part 19 of the Rules. Other paragraphs of these Clearing Procedures are subject to specific provisions in respect of Sponsored Principals and Sponsors and Individually Segregated Sponsored Accounts.
- 1.5 These Clearing Procedures are "Procedures" as defined in the ICE Clear Europe rules (the "Rules") and are subject to the Rules, including, without limitation, Rule 102. Subject to paragraph 1.6 to 1.11 below, these Clearing Procedures, and all non-contractual obligations arising out of or in connection with them, are governed by and shall be construed in accordance with English law and any Dispute under these Clearing Procedures will be subject to arbitration under Rule 117.
- 1.6 Solely as between an FCM/BD Clearing Member and the Clearing House, paragraphs 3, 4 and 6 of these Clearing Procedures inasmuch as they relate solely to an issue or matter concerning:
- (a) the pledging, transfer, holding, use and segregation of Pledged Collateral provided by an FCM/BD Clearing Member (or other property, excluding for the avoidance of doubt the Contracts themselves recorded in such an Account, recorded in a Customer Account or Proprietary Account that is designated as an account in respect of which Pledged Collateral may be provided by an FCM/BD Clearing Member); and/or
 - (b) the application of any net sum owed in favour of the FCM/BD Clearing Member in respect of a Customer Account or Proprietary Account that is designated as an account in respect of which Pledged Collateral may be provided,

and, solely to the extent relevant to interpreting the foregoing provisions in such circumstances, relevant definitions and interpretative provisions in paragraph 1 of these Clearing Procedures (such provisions, together or separately "Pledged Collateral Matters") shall be governed by and construed

Paragraph 2.2(c)

- (vi) ~~input consolidation crosses~~ [create average price groups](#) in order to consolidate trades at various prices into average prices; and
 - (vii) view trading history and status of trades.
- (d) Clearing Members should refer to the ICE Systems user guides for more detailed information concerning the ICE Systems' functionality.
- (e) The ICE Systems will allow Clearing Members to perform the following functions, among others:
- (i) monitor Open Contract Positions;
 - (ii) close out open Contracts by netting off equal and opposite Contracts in its Customer Accounts;
 - (iii) process physical delivery of commodities pursuant to Futures Contracts;
 - (iv) review Margin requirements; and,
 - (v) exercise or abandon Option Contracts.
- (f) A number of reports are available in the ICE Systems, the list and details of which are available in the ICE Systems user guide [and other supporting Clearing House documentation](#).
- (g) In the event of any system errors or other systemic issues connected with the ICE Systems, Clearing Members should contact the Clearing House's operations department.
- (h) In the event of any processing errors or error in communications with the Clearing House, Clearing Members should contact the Clearing House's operations department.

2.3 Position keeping

- (a) Position-keeping activities are governed by Market Rules. In the event of any conflict between these Clearing Procedures and Market Rules in relation to position-keeping, Market Rules shall prevail.
- (b) Open Contract Positions can be maintained in several position-keeping accounts within the ICE Systems, identified in the ICE Systems by one letter as follows:
1. Position keeping-accounts linked to a Proprietary Account for purposes of the Rules (all Clearing Members):
 - (i) H – house;
 - (ii) L - individual trader (not available for FCM Clearing Members);
 - (iii) D - default (trades not assigned to a specific sub-account or sought to be allocated but left unclaimed by another Clearing Member will automatically clear in the default sub-account);
 - (iv) N – gross-maintained sub-account with no automatic contractual netting, e.g. may be used by FCM/BD Clearing Members for transactions related to their Affiliates.
 - (v) G – gas associate (not available for FCM Clearing Members);
 - (vi) U – unallocated (for intra-day usage only);

calculated on an ongoing basis with reference to the difference between the Strike Price and the relevant daily Exchange Delivery Settlement Price (net liquidating value).

- (d) Clearing Members are referred to the applicable Contract Terms for details on the premium types for the Options currently cleared by the Clearing House as well as their exercise style (discussed further in paragraph 5).

4.5 Cash Settlement

- (a) When it reaches maturity, a Contract can give rise either to cash settlement (if determined by the Contract Terms or, where permitted by the Contract Terms for F&O Contracts, if the Clearing Member opts out of the delivery via EFP) or delivery obligations.
- (b) Cash settlement for F&O Contracts entered into prior to the last day of trading, will be determined by the difference between the Exchange Delivery Settlement Price and the previous day's Exchange Delivery Settlement Price, as determined in accordance with Part 7 of the Rules.
- (c) Cash settlement for F&O Contracts entered into on the last day of trading, will be determined by the difference between the trade price and the Exchange Delivery Settlement Price, as determined in accordance with Part 7 of the Rules.
- (d) Details relating to deliveries for F&O Contracts are set out in the Delivery Procedures.

4.6 Contingent Variation Margin

- (a) A contingent Variation Margin amount will be calculated and called daily for ~~Gasoil-Futures~~certain Contracts under tender, for example, Gasoil Futures, Soft Commodities. This contingent Variation Margin will result from the difference between the Exchange Delivery Settlement Price for the Contract under tender and the Exchange Delivery Settlement Price for the next maturing Contract Set of otherwise equivalent specifications, or by other method prescribed by the Clearing House from time to time.
- (b) Clearing Members will not receive repayment in respect of any credit contingent Variation Margin in cash. However, they will be able to use any excess against Margin requirements on the Contracts in respect of which contingent Variation Margin is called and other Contracts. If contingent Variation Margin is a debit, it will be possible for Clearing Members to use assets, as permitted by these Procedures and updated by Circular, as Permitted Cover.
- (c) Contingent Variation Margin will be released:
 - (i) for the Buyer, on payment of the Buyer's Security; and
 - (ii) for the Seller, once all relevant deliveries are completed,as detailed in the Delivery Procedures.

4.7 Contingent Credit

When a Seller satisfies its daily delivery obligations under Market Rules for Natural Gas Futures and Electricity Futures Contracts, the Clearing House will take into account a "Contingent Credit" equivalent to the amount or number of underlying Commodities already delivered in respect of which payment has not been made to the Seller. This credit will not be made available to the Seller in cash but may be used to cover Original Margin requirements on the Contracts in respect of which the contingent credit is applicable and other Contracts.

4.8 Buyer's Security and Seller's Security

- (c) The Contract Terms determine the days on which, and the times by which, notification of exercise of an Option may, or must, be made.
- (d) When an Option is exercised, a ~~Future~~ Contract at the Strike Price of the Option will arise in accordance with Rule 401.

5.3 Early Exercise

- (a) It is possible for Clearing Members to exercise Long American-Style Options at any time when the ICE Systems are open via the ICE Systems exercise notification screen. Such exercises must be input by Clearing Members before the daily exercise cut-off time specified in the Contract Terms, ~~which is currently set at 17:00 hours.~~
- (b) Clearing Members may not manually enter an exercise notification on to the ICE Systems for Options other than American-Style Options.

5.4 Manual Exercise

- (a) Clearing Members are permitted manually to input exercise notifications on to the ICE Systems exercise notification screen in the manner set out in the ICE Systems user guide at any time within the deadlines specified in the Contract Terms.
- (b) Where permitted by the Contract Terms, Clearing Members wishing to exercise an Option which is Out Of The Money, or an Option that will not automatically exercise, must input a manual Option exercise notification in accordance with the ICE Systems user guide.

5.5 Automatic exercise

- (a) On the relevant expiry day, once the exercise deadline has passed for an Option Set, the Clearing House will input into the ICE Systems the Reference Price communicated by the relevant Market and will instruct the ICE Systems to process an Option Set expiry. The ICE Systems will affect the automatic exercise of all Options in the relevant Set meeting the criteria in the automatic exercise instruction facility and the relevant Contract Terms.
- (b) The default setting of the automatic exercise instruction facility is that all Options that are one or more minimum price variation or greater In The Money will be subject to automatic exercise (e.g. in the case of ICE Brent Options, one 'tick' In The Money).
- ~~(c) For European Style Options, it is not possible to modify the parameters of the Automatic Exercise Instruction Facility. As a result, all European Style Options will be exercised in line with the default value.~~
- ~~(d) For American Style Options, Clearing Members can, on the day of the expiry and up to the instant the ICE Systems deadline is applied, modify the automatic exercise settings through the ICE Systems in accordance with the ICE Systems user guide. If exercise settings are modified, they will revert to default settings after the expiry is complete for any subsequent Option Set expiry. Clearing Members are advised to make any changes to Option exercise settings well in advance of any deadline.~~
- ~~(e) **Clearing Members must check their automatic exercise settings before each expiry of an Option Set.** Members not wishing automatic exercise to take place should submit an abandon instruction via ICE Systems prior to the deadlines specified in the Contract Terms.~~
- (c) ~~(f)~~ Where permitted by the Contract Terms, Clearing Members wishing to exercise an Option that will not be automatically exercised must do so by inputting, before the deadline is applied, an instruction as described above for manual exercises. ~~This is however only~~

~~possible for American Style Options. As detailed above, European Style Options cannot be manually exercised.~~

- (d) ~~(e)~~ Members experiencing difficulties with any aspect of an Option exercise or who have any doubt about how to carry out specific exercise or abandonment instructions must contact the Clearing House's operations department in advance of the expiry deadline. Failure to do so may result in the abandonment of In The Money Options.

5.6 Reference Price

- (a) The Reference Price used by the ICE Systems automatic Option exercise facility to determine whether an Option is In The Money ~~is the Exchange Delivery Settlement Price of the relevant Futures Contract on the day of the expiry of the Option~~ will be determined in accordance with the Contract Terms, and will be made available to Clearing Members via ICE Systems in advance of the relevant exercise deadline.
- (b) For example:
- (i) for all ICE Futures Europe Options, the Reference Price will be (except in unusual circumstances) the Exchange Delivery Settlement Price of the underlying Future on the expiry day; and
- (ii) for the ICE Futures US Natural Gas Swap, the Reference Price will be (except in unusual circumstances) the published monthly penultimate Exchange Delivery Settlement Price for the Henry Hub Natural Gas Contract.

5.7 Exercise Deadlines on Expiry Day

- (a) Pursuant to Market Rules and the Contract Terms, Clearing Members have a limited period after the time when trading in an Option Set ceases to enter exercise and/or abandon notifications ~~and/or amend automatic exercise settings in the ICE Systems for American Style Options~~. Once the ICE Systems deadline has passed for the exercise or abandon of an Option Set, it will not be possible to input any exercise or abandon instructions ~~or alter the automatic exercise settings~~. Options which have not been exercised in accordance with these Clearing Procedures at that time will ~~be abandoned~~ expire.
- (b) Clearing Members are advised via the ICE Systems messages of the time by which all position maintenance instructions for expiring Options must be inputted and when the ICE Systems Delivery/Exercise HIT report is available by selecting the relevant menu item in the ICE Systems.
- (c) Clearing Members are referred to the applicable Contract Terms for details on the deadlines for exercise of the ~~American Style~~ Options currently supported by the Clearing House.
- (d) In the event that a Clearing Member's ICE Systems Options Exercise facilities are unavailable, it is essential that the Clearing House's operations department and the relevant Market's compliance department are informed. In such circumstances the Clearing House will determine appropriate steps to be taken in order to ensure exercise instructions can be processed, as appropriate.
- (e) The Clearing House can modify any exercise deadline at its discretion in accordance with the Rules. Any such modification shall take effect as an amendment to Contract Terms pursuant to Rule 109. Amendments to deadlines may occur following a Force Majeure Event and otherwise at the Clearing House's discretion.

5.8 Allocation of exercises

- (a) If, in relation to exercise of a particular Option Set, there are more open Short Options than are exercised by the holders of Long Options, the Clearing House will select Clearing Members with Short Open Contract Positions in the same Option Set against which to exercise a corresponding Option or Options and subsequently become party to a Future Contract or Contracts, or Contract of Sale.
- (b) Option allocation is performed by reference to each Clearing Member's ICE Systems position-keeping accounts i.e. allocations are made separately for each Proprietary Account and each Customer Account of a Clearing Member, as follows:

Equity Options – Random

Where the volume available for assignment exceeds the exercised volume, the available lots are assigned on a random basis, one lot at a time. Each short lot therefore has an equal chance of being selected for assignment. If the volume available for assignment in an option contract exactly matches the volume which has been exercised (i.e. if the short volume equals the exercised volume), all the short volume is assigned.

Non-Equity Options – Pro Rata

- (i) Clearing Members holding Short Open Contract Positions in the same Option Set will first be allocated with the following number of exercised Short Options (and hence, Future Contracts):

$$\text{SOCP (CM)} \times \text{LOCP (all)} / \text{SOCP (all)}$$

where:

SOCP (CM) = the Short Open Contract Position for the relevant position-keeping account of the relevant Clearing Member;

LOCP (all) = the total number of Long Options of the relevant Option Set being exercised from all relevant position-keeping accounts by all Clearing Members; and

SOCP (all) = the total number of Short Open Contract Positions in the relevant Option Set in all relevant position-keeping accounts of all Clearing Members,

- (ii) any fractions produced by the calculation in paragraph (i) shall be rounded down and Clearing Members shall not be allocated fractions of a Future Contract; and
- (iii) remaining unallocated Future Contracts following completion of the processes described in paragraphs (i) and (ii) shall be distributed among position-keeping accounts of Clearing Members with unallocated Short Aggregated Contract Positions, one lot at a time, to the largest remaining fractional quantities until the whole quantity is allocated.

- (c) Below is an example of this allocation method, where 71 of 111 Contracts are exercised:

| Clearing Member | Short Open Contract Position | Calculated allocation | Rounded allocation | Residual | Fraction remaining | Residual allocation | Total allocated |
|-----------------|------------------------------|-----------------------|--------------------|----------|--------------------|---------------------|-----------------|
| AAA-H | 13 | 8.8153 | 8 | - | 0.8153 | 1 | 9 |

(IV) DELIVERY PROCEDURES

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| PART A: ICE FUTURES EUA FUTURES CONTRACT (“ICE EUA FUTURES”), ICE FUTURES EUA DAILY FUTURES CONTRACT (“ICE EUA DAILY FUTURES”), ICE FUTURES EUA AUCTION CONTRACT (“ICE EUA AUCTION CONTRACT”), ICE FUTURES EUAA FUTURES CONTRACT (“ICE EUAA FUTURES”), ICE FUTURES EUAA AUCTION CONTRACT (“ICE EUAA AUCTION CONTRACT”), ICE FUTURES CER FUTURES CONTRACT (“ICE CER FUTURES”), ICE FUTURES CER FUTURES DAILY CONTRACT (“ICE CER DAILY FUTURES”), AND ICE FUTURES ERU FUTURES CONTRACT (“ICE ERU FUTURES”) | | |
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PART Z: FINANCIALS & SOFTS EQUITY FUTURES/OPTIONS

1. PHYSICALLY DELIVERED EQUITY FUTURES/OPTIONS, AND STOCK CONTINGENT TRADES DELIVERY PROCEDURES

1.1 Introduction

For the purposes of these Delivery Procedures any reference to Equity Futures/Options Contracts means the following Financials & Softs physically delivered Contracts:

- (i) ~~Universal~~Single Stock Futures;
- (ii) Individual Equity Options; and
- (iii) Contracts arising from ~~Belear~~ICE Block.

1.2 Delivery System

Physical deliveries resulting from Financials & Softs Equity Futures/Options Contracts and stock contingent trades are made through CREST for UK and Irish securities, Clearstream Frankfurt for German securities, SIX SIS for Swiss securities, Takasbank for Turkish securities, the Euroclear Group Single Platform (~~“EGSP”~~) for French, ~~German, and~~ Netherlands ~~and Switzerland~~ securities (“ESES”) and Euroclear for all other securities (in each case, the “relevant settlement system”).

All deliveries resulting from Financials & Softs Equity Futures/Options Contracts must be made gross because netting is not available.

1.3 Clearing House Settlement Details

Settlement details for the Clearing House will be as notified to Clearing Members.

1.4 Deliverable Equities

A “deliverable equity” means the equity underlying an Equity Future or Option Contract, published (from time to time) by means of a ~~Financials & Softs General Notice~~Circular or by other means determined by ~~LIFFE or ICE Futures Europe, as applicable~~.

If an “equity underlying” is subject to a corporate event, the deliverable security may become a combination of shares and entitlements. ~~Should such a corporate event occur, Clearing Members will be advised of the settlement details by the issue of a ‘Corporate Action Notice’ or by other means determined by LIFFE or ICE Futures Europe, as applicable.~~ See Section 4 on corporate events.

2. PHYSICALLY DELIVERED EQUITY DELIVERY TIMETABLES

2.1 Physically Delivered Equity Futures and Options Contracts: Summary Timetable

| DAY | TIME | ACTION |
|---|--|---|
| | Day following the Day of Early Exercise or Expiry | |
| Exercise/<u>Expiry</u> day + 1 | By 07:00 | Summary Clearing Member Delivery Details <u>Stock Deliveries</u> Report (MDD <u>MPSDR</u>) available on UCP <u>via ECS or MET</u> (or any successor system). Clearing Members must establish their delivery obligations |

DELIVERY PROCEDURES: FINANCIALS & SOFTS EQUITY FUTURES/OPTIONS

| DAY | TIME | ACTION |
|-----|----------|---|
| | | <p>by reference to the Clearing Member Delivery DetailsStock Deliveries Report (MDDMPSDR) and the MPFE- report/MPEA reports.</p> |
| | By 11:30 | <p>All settlement instructions submitted to the relevant settlement system.</p> <p>CREST</p> <p>Details of the Contracts subject to delivery obligations resulting from early exercise or expiry of UK and Irish contracts must be submitted and matched in CREST.</p> <p>All entries must be made with the following fields completed (where applicable standard entries are indicated and encapsulated in brackets):</p> <ul style="list-style-type: none"> (a) Intended Settlement Date; (b) Transaction Type; (c) Participant ID; (d) Consideration; (e) Payment Type (Central); (f) Cash Movement Type (set to 'A' to reflect a standard movement between principals); (g) Debit Party Cash ID; (h) Credit Party Cash ID; (i) Stock ISIN; (j) Quantity; (k) Debit Party Stock ID; (l) Credit Party Stock ID; (m) Trade System of Origin (LIFFE or ICE Futures Europe, as applicable); (n) Trade Price; (o) Trade Date; (p) RO Condition (result of option) (for Equity Options only); (q) Agent/Principal Indicator ('S' for a principal sale and 'P' for a principal purchase); and (r) Special Condition (Special cum condition should only be entered in the event of a corporate action). <p>Clearing Members should note that CREST requires perfect matching and does not provide for tolerance. Clearing Members should also note that a Nationality Declaration is required for certain securities, see CREST manual.</p> |

DELIVERY PROCEDURES: FINANCIALS & SOFTS EQUITY FUTURES/OPTIONS

| DAY | TIME | ACTION |
|-----|--|---|
| | | <p>Euroclear Details of the Contracts subject to delivery obligations resulting from Physically Delivered Equity Futures or Options Contracts in all stocks with the exception of UK, Irish, French, German, Dutch, Turkish and Swiss equities must be submitted and matched in Euroclear.</p> <p>France Details of the delivery contracts resulting from Physically Delivered Equity Futures or Options Contracts in all French stocks must be submitted and matched in ESES.</p> <p>Germany Details of the delivery contracts resulting from Physically Delivered Equity Futures or Options Contracts in all German stocks must be submitted and matched in Clearstream Frankfurt.</p> <p>Netherlands Details of the delivery contracts resulting from Physically Delivered Equity Futures or Options Contracts in all Dutch stocks must be submitted and matched in ESES.</p> <p>Switzerland Details of the delivery contracts resulting from Physically Delivered Equity Futures or Options Contracts in all Swiss stocks must be submitted and matched in SIX SIS.</p> <p>Turkey Details of the delivery contracts resulting from Physically Delivered Equity Futures or Options Contracts in all Turkish stocks must be submitted and matched in Takasbank.</p> |
| | By 17.00 | <p>Euroclear</p> <p>Clearing Members must have successfully matched all trades with the Clearing House in the relevant settlement system by the times set out in these Delivery Procedures. All matched trades are then available for settlement in the relevant settlement system.</p> <p>It is the responsibility of the Clearing Member to contact the Clearing House and agree any amendments required to achieve matched status.</p> <p>All amendments required to achieve matching must have been submitted prior to the end of the day.</p> |
| | Intended Settlement day | |
| | By One hour prior to the close | Movement Transfer of shares from the Selling Clearing Member to the Clearing House complete. |

DELIVERY PROCEDURES: FINANCIALS & SOFTS EQUITY FUTURES/OPTIONS

| DAY | TIME | ACTION |
|-----|---|--|
| | of delivery versus payment (DVP) equity settlement in the relevant settlement system. | <p>Clearing Members who have failed to deliver must contact the Clearing House to give reasons for the failure and confirm what measures have been taken to facilitate delivery. Clearing Members are reminded they are responsible for the timely settlement of Financials & Softs Contracts subject to delivery obligations.</p> <p>The Clearing House will onward deliver to Buying Clearing Members as soon as reasonably practicable following receipt from Selling Clearing Members.</p> <p>The Clearing House releases Original and non-realised Variation Margin for settled instructions.</p> |

2.2 **Stock Contingent Trading Delivery: Summary Timetable**

| DAY | TIME | ACTION |
|----------------------|--|---|
| Trade day + 1 | Business Day following the Day of Trade | |
| | By 05:00 | All trades submitted to relevant settlement system. |
| | By 07:00 | <p>Clearing Member Stock Contingent Trade Report (SCTM-and Reconciliation Report (SCTRM)TSCT) available on UCPvia ECS or MFT (or any successor system).</p> <p>Clearing Members must establish their delivery obligations by reference to the Clearing Member Stock Contingent Trade Report (SCTMTSCT) and Stock Contingent Trade-ReconciliationDeliveries Report (SCTRMPSDR).</p> |
| | By 11:30 | <p>Details of the Financials & Softs Contracts subject to delivery obligations resulting from stock contingent trades in all UK and Irish equities must be submitted and matched in CREST.</p> <p>The reporting of stock contingent trades to the Clearing House will automatically generate the Clearing House's entries into CREST. The Clearing Member will enter their trade details into CREST against the Clearing House's participant ID.</p> <p>All entries must be made with the following fields completed:</p> <p>Where applicable standard entries are indicated and encapsulated in brackets.</p> <ul style="list-style-type: none"> (a) Intended Settlement Date (b) Transaction Type (c) Participant Id |

DELIVERY PROCEDURES: FINANCIALS & SOFTS EQUITY FUTURES/OPTIONS

| DAY | TIME | ACTION |
|-----|----------|--|
| | | <p>(d) Consideration</p> <p>(e) Payment Type (Central)</p> <p>(f) Cash Movement Type (set to 'A' to reflect a standard movement between principals)</p> <p>(g) Debit Party Cash ID</p> <p>(h) Credit Party Cash ID</p> <p>(i) Stock ISIN</p> <p>(j) Quantity</p> <p>(k) Debit Party Stock ID</p> <p>(l) Credit Party Stock ID</p> <p>(m) Trade System of Origin (LIFFE or ICE Futures Europe, as applicable)</p> <p>(n) Trade Price</p> <p>(o) Trade Date</p> <p>(p) Agent/Principal Indicator ('S' for a principal sale and 'P' for a principal purchase)</p> <p>(r) <u>Special Condition (Special cum condition should only be entered in the event of a corporate action).</u></p> <p><u>Euroclear</u></p> <p><u>Details of the delivery contract resulting from stock contingent trades in all stocks with the exception of UK and Irish equities. French, German, Dutch & Swiss must be submitted and matched in Euroclear.</u></p> <p><u>France</u></p> <p><u>Details of the delivery contract resulting from stock contingent trades in all French stocks must be submitted and matched in ESES.</u></p> <p><u>Germany</u></p> <p><u>Details of the delivery contract resulting from stock contingent trades in all German stocks must be submitted and matched in Clearstream Frankfurt.</u></p> <p><u>Netherlands</u></p> <p><u>Details of the delivery contract resulting from stock contingent trades in all Dutch stocks must be submitted and matched in ESES.</u></p> <p><u>Switzerland</u></p> <p><u>Details of the delivery contract resulting from stock contingent trades in all Swiss stocks must be submitted and matched in SIX SIS.</u></p> |
| | By 16:00 | Euroclear |

DELIVERY PROCEDURES: FINANCIALS & SOFTS EQUITY FUTURES/OPTIONS

| DAY | TIME | ACTION |
|---------------------------------------|------------------------|---|
| | | <p>Details of the delivery contract resulting from stock-contingent trades in all stocks with the exception UK and Irish equities, French, German, Dutch & Swiss must be submitted and matched in Euroclear.</p> <p>France</p> <p>Details of the delivery contract resulting from stock-contingent trades in all French stocks must be submitted and matched in ESES.</p> <p>Germany</p> <p>Details of the delivery contract resulting from stock-contingent trades in all German stocks must be submitted and matched in Clearstream Frankfurt.</p> <p>Netherlands</p> <p>Details of the delivery contract resulting from stock-contingent trades in all Dutch stocks must be submitted and matched in ESES.</p> <p>Switzerland</p> <p>Details of the delivery contract resulting from stock-contingent trades in all Swiss stocks must be submitted and matched in SIX SIS.</p> <p>Clearing Members that require the allocation of the Stock-Contingent Bargaina stock contingent trade to be changed must submit an Allocation Change Request form. The form must be completed in full by the members of LIFFE who executed the trade on LIFFE or by the members of ICE Futures Europe who executed the trade on ICE Futures Europe, as applicable (each, an “Originating Member”) and the relevant receiving members and communicated to the Clearing House by no later than the 16:00 deadline.</p> |
| | <p>By 17:00</p> | <p>Clearing Members must have successfully matched all trades with the Clearing House in the relevant settlement system by the times set out in these Delivery Procedures. All matched trades are then available for settlement in the relevant settlement system.</p> <p>It is the responsibility of the Clearing Member to contact the Clearing House and agree any amendments required to achieve matched status.</p> <p>All amendments required to achieve matching must have been submitted prior to the end of the day.</p> |
| <p>Intended Settlement day</p> | | <p>By the close of EquityIntended Settlement in the Relevant Settlement Systemday</p> |

DELIVERY PROCEDURES: FINANCIALS & SOFTS EQUITY FUTURES/OPTIONS

| DAY | TIME | ACTION |
|-----|---|---|
| | <p>By 09:30<u>One hour prior to the close of delivery versus payment (DVP) equity settlement in the relevant settlement system</u></p> | <p>Movement<u>Transfer</u> of shares complete.</p> <p>Securities will have passed from the Selling Clearing Member's account in the relevant settlement system to the Clearing House's account in the relevant settlement system and then into a Buying Clearing Member's account in the relevant settlement system on the Intended Settlement Day. <u>complete.</u></p> <p>Clearing Members must ensure that their priority settings and credit facilities permit trades to settle before the close of delivery versus payment (DVP) equity settlement on the Intended Settlement Day. For the purposes of Euroclear and local CSD, the close of DVP equity settlement is the close of "daylight" DVP equity settlement.</p> <p>Following the close of DVP Equity Settlement in the relevant settlement system Clearing Members <u>who have failed to deliver</u> must notify<u>contact</u> the Clearing House of any failed deliveries and confirm<u>giving reasons for the failure and confirming</u> what measures have been taken to facilitate delivery. Clearing Members are reminded they are responsible for the timely settlement of Financials & Softs Contracts subject to delivery obligations.</p> <p><u>The Clearing House will onward deliver to Buying Clearing Members as soon as reasonably practicable following receipt from Selling Clearing Members.</u></p> <p>The Clearing House releases Original and non-realised Variation Margin for settled instructions.</p> |

2.3 Partialling

(a) Automatic partialling

It is a Selling Clearing Member's obligation to ensure full delivery of all securities. When the Clearing House as Buyer does not receive delivery of all the securities to satisfy its position, then the Clearing House may not have sufficient securities to completely fulfil its own delivery obligations. This can result in the Clearing House holding an amount of securities that it cannot pass on.

If the Clearing House's holding is insufficient to fulfil a larger delivery obligation then, in order to reduce the risk associated with corporate actions and costs, the Clearing House may split the fulfilment of that obligation into multiple deliveries. ~~Euroclear, CREST and Local CSD offer~~The Clearing House may use an auto-splitting service ~~and the Clearing House may use these services where they are offered by a relevant settlement system where such service is~~ available and suitable to its needs.

(b) ~~Euroclear and local CSD manual~~Manual partialling

Notwithstanding the above automatic process, the Clearing House may in its ~~absolute~~ discretion decide to accept a partial delivery or a request to do so, provided that the following criteria are fulfilled:

- (i) the partial delivery to the Clearing House enables the Clearing House to fulfil any one or more onward delivery obligations in full and does not result in the Clearing

House being in such a position that it cannot deliver the full amount for any onward delivery obligation; and

- (ii) the Clearing House receives the request via e mail followed by a telephone call from the Selling Clearing Member concerned **by 15:00 (London time)** on the intended settlement date. Any requests received after this time will be reviewed by the Clearing House on a reasonable endeavours basis.

If in the event that the Clearing House decides to accept such request from a Seller, manual partialling may require the Clearing Member to rematch, and the Clearing House will advise its Clearing Members and agree the relevant details. Both affected Clearing Members will then be required to match the Clearing House's cancellation and rematch the subsequent new instructions as per the Clearing House's advice. Where partialling is possible at ~~either Euroclear or CREST~~ a relevant settlement system, Clearing Members must match by the relevant Market deadlines to ensure settlement. Any costs incurred due to failure to instruct prior to the deadline after agreeing previously to do so, will be passed onto the relevant Clearing Member.

- (A) where it can be initiated unilaterally in a ~~CSD~~ relevant settlement system; or
- (B) where bilateral instructions are required, by prior agreement with the Clearing House.

In the event that the Clearing House decides in its absolute discretion not to accept any partial delivery or request to do so, it shall be under no obligation to provide any reason for such decision.

If the Clearing House decides to accept a request for a partial delivery then it shall use its reasonable endeavours to advise the Selling Clearing Member and agree the cancellations and rematch that are required in order to do so ~~by 15:30 (London Time)~~ on the day to make such partial delivery.

It is the responsibility of the Buying Clearing Member to ensure that any onward partial delivery is accepted. ~~Such request to make a partial onward delivery will normally be made by the Clearing House by 15:30 (London time).~~ In the event that the Clearing House makes any such request, the Buying Clearing Member shall to match the Clearing House's cancellation and rematch the subsequent new instructions as per the Clearing House's advice.

In the event that a Buying Clearing Member fails or omits to comply with these provisions or settlement instructions are not cancelled and rematched as per the Clearing House's advice, the Clearing House may charge that Buying Clearing Member and the Buying Clearing Member shall pay any costs incurred by the Clearing House as a result of such failure or omission. Such costs will be debited from the Clearing Member's relevant account.

2.4 Daylight Indicator

~~Clearing Members must ensure that their~~ It is a Selling Clearing Member's obligation to ensure full delivery of all securities. If, to ensure settlement on intended settlement date, the use of a Daylight Settlement period is necessary, a Selling Clearing Member must contact the Clearing House at the earliest opportunity to request Daylight Settlement. The Clearing House will use its reasonable endeavours to ensure that Clearing House's and Buying Clearing Members' relevant transactions are marked with a Daylight Indicator in Euroclear so that settlement can occur during Daylight Settlement. In the event that a Clearing Member fails to settle during Daylight Settlement the Clearing House may charge for any losses and expenses incurred as a result of non settlement. Such losses and expenses will be debited via the Clearing Member's relevant account.

In the event that the Clearing House decides in its discretion not to accept any request for Daylight Settlement, it shall be under no obligation to provide any reason for such decision.

2.5 Tolerance Matching

Although Euroclear applies tolerance matching to internal instructions, Clearing Members must ensure that the Clearing House’s settlement amount is perfectly matched in accordance with the relevant Contract Terms. In the event that a Seller fails perfectly to match the Clearing House’s settlement amount, any tolerance applied will be debited from the Selling Clearing Member. Such funds should be paid to the Clearing House as a “cash only” delivery through Euroclear in accordance with Clearing House instructions. In the event that a Clearing Member fails or omits to match the Clearing House’s instruction, the Clearing House will debit the relevant funds through the relevant account of the Clearing Member.

3. FAILED SETTLEMENTS AND NON-DELIVERY OF STOCK

Under the relevant Contract Terms, failure to comply with the Clearing House’s instructions will constitute a delivery default by the Clearing Member. If the Seller has not made delivery to the Clearing House by close of equity settlement on the intended settlement day the Clearing House shall take whatever action is appropriate in keeping with its obligation to deliver the securities to the Buyer in accordance with the relevant Contract Terms.

3.1 Buying In Summary Timetable

[The following Buying In Summary Timetable is subject to the Clearing House’s right to instigate Early Buy In in accordance with paragraph 3.2 of this Part Z.](#)

| | TIME | ACTION |
|---|---|---|
| Failure to make delivery/payment | Intended Settlement Day + 1 or as soon as reasonable<u>reasonably</u> practical | |
| | Post the close of DVP Equity Settlement in the relevant settlement system. | As soon as reasonably practical, the Clearing House will contact Clearing Members who have failed to deliver to ascertain the reason for non-delivery. The Clearing House will request for Clearing Members to make the share transfer immediately within the settlement timetable as dictated by the relevant settlement system. If this is not achieved, the Clearing House will <u>may</u> take steps to acquire shares to fulfil its obligation to make delivery to the Buying Clearing Member by instigating Buying In. |
| Satisfaction of delivery obligations | Settlement Day plus 2 | |
| | By the close of DVP Equity Settlement in the relevant settlement system | Clearing members <u>Members</u> inform the Clearing House that a delivery obligation has been met. Failure to do so may result in the purchase of unwanted shares. The Clearing House will inform Clearing Members of any Buying In instructions issued. |
| “Buying In” | Settlement Day plus 3<u>4</u> | |
| | Post the close of- | In its absolute discretion, the Clearing House may require- |

| | TIME | ACTION |
|-------------------|--|---|
| | <p>DVP Equity At any time prior to settlement or on Settlement in the relevant Day plus 4 if the Clearing House considers that a settlement system failure has or is likely to occur.</p> | <p>the instigate buy-in procedures. In such circumstances, Clearing Members to must delete the original bargain and match the deletion with the Clearing House <u>in the relevant settlement system.</u></p> <p>In the event that the Clearing House 'buys in', the Clearing House will deal for T+3 <u>the earliest possible</u> settlement. Clearing Members will be advised of the Buying In details. Associated costs will be for the account of the defaulting Clearing Member and will be debited via the relevant Clearing Member's account.</p> <p><u>Where the Clearing House is unable to 'buy in' by this day, an amount shall be paid to the Buying Clearing Member based on the value of the shares to be delivered on the intended settlement date plus an amount for losses incurred by the Buying Clearing Member as a result of a settlement failure. The amount will be determined by the Clearing House at its discretion. Associated costs will be for the account of the defaulting Clearing Member and will be debited via the relevant Clearing Member's account.</u></p> <p>For the purposes of Euroclear and where settlement <u>occurs</u> in local CSD markets <u>using a local relevant settlement system</u>, the close of Equity Settlement will be the close of Daylight settlement on the Settlement Day.</p> |
| | Settlement Day plus 6¹ | |
| Settlement | By the close of DVP Equity Settlement in the relevant settlement system | Settlement effected. |

3.2 Early Buy-In

Notwithstanding the Buying In Summary Timetable above, the Clearing House may, in its discretion, issue Buying In instructions at any time following a failed delivery on the Intended Settlement Day ("Early Buy In"). In the event that the Clearing House instigates Early Buy In, Clearing Members will be advised of the Buying In details including the timetable for settlement.

Without limiting the Clearing House's discretion in this regard, Clearing Members are advised that generally the Clearing House is only likely to instigate Early Buy In when there has been an Event of Default or Force Majeure Event or there are circumstances that would, in the Clearing House's opinion, otherwise be likely to prevent the Clearing Member making the share transfer immediately within the settlement timetable as dictated by the relevant settlement system.

¹ Or the earliest possible day if not Settlement Day plus 6.

3.3 Daily Payments for Failed Settlements

From Intended Settlement Day + 1, the Clearing House is entitled to charge Clearing Members that have failed to make settlement a daily charge for each day that the failure continues, until the day the Clearing House 'buys in', instigates Early Buy In or, in the event that the Clearing House is unable to 'buy in', the day the amount is paid to the Buying Clearing Member based on the value of the shares to be delivered at the delivery date plus an amount for losses incurred by the Buying Clearing Member as a result of a settlement failure.

3.4 ~~3.2~~ Margining of Failed Settlements

All physically delivered Equity Futures/Options Contracts going in to delivery are placed within ~~UCP~~ECS (or any successor system) in a pending delivery position at the option strike or delivery price. They are held there until Settlement Day. During this period, they are subject to Original and contingent Margin.

In the event of a failed delivery on the settlement day the contracts will continue to be liable for Margin until the delivery ~~obligations~~obligation has been satisfied. Margin is calculated independently ~~on UCP~~by ECS (or any successor system).

4. CORPORATE EVENTS

4.1 The Clearing House shall not be responsible for any act with regard to any corporate event relating to any underlying or Deliverable of any Financials & Softs Equity Futures or Options Contract, or ~~Stock Contingent Trades~~stock contingent contract other than set out below.

For the purposes of these Delivery Procedures, the term "~~Corporate Event~~corporate event" is used to refer to ~~a corporate event of any description relating to~~(i) cash claims in relation to an underlying Financials & Softs Equity FutureFutures/Option Contract or, ~~Stock Contingent Contract~~ stock contingent contract (for example a ~~rights issue, dividend payment, vote or other corporate entitlement), or distribution, a cash obligation arising from a fractional entitlement, or, in the event that the underlying is subject to a takeover, the right to cash in lieu of the relevant underlying~~) (a "Cash Claim"); (ii) the issuance of Deliverables and/or Investments (e.g. warrants or rights to shares) by way of a share or rights issue to a shareholder (a "Distribution"); or (iii) a transformation of the underlying (for example pursuant to a corporate reorganisation, de-listing, merger, de-merger or a buy-out) (a "Transformation").

Any amendments to an Equity Futures/Options Contract or stock contingent contract or the equity underlying in relation thereto arising as a result of a corporate event where the relevant record or reference date and time occurs prior to the exercise or expiry of such contract shall be determined in accordance with the ICE Futures Europe Corporate Actions Policy.

Any amendments to an Equity Futures/Options Contract or stock contingent contract or the equity underlying in relation thereto arising as a result of a corporate event where the relevant record or reference date or time is on or after the exercise or expiry of such contract shall be determined in accordance with these Delivery Procedures.

While the Clearing House will use reasonable efforts to carry out the steps set out below, it shall have no liability for any loss or damage arising out of or connected with any action or inaction on its part or on its behalf in connection with any corporate event.

The Clearing House shall not be obliged to provide or forward any information, or deliver any notice, document or instruction received by ~~the Clearing House~~it, or of which it is aware ~~to any Clearing Member~~, relating to or in connection with any ~~Corporate Event~~corporate event, to any Clearing Member.

In the event that a Clearing Member fails to take delivery of ~~Securities~~ Deliverable by the final date for delivery of such ~~Securities~~ Deliverable, due to insufficient funds, failure to match, by not allowing transactions to settle because of priority settings or for any other reason, the Clearing House may charge to that Clearing Member any costs incurred by the Clearing House or of which it is aware as a result thereof. Such charges will be debited ~~to~~ from the Clearing Member's relevant ~~account~~ Account.

4.2 Distributions

(a) Claims

~~Any claim or distribution in respect of the underlying of a Financials & Softs Equity Future/Option Contract or Stock Contingent Contract should be carried out and settled in accordance with the relevant settlement system rules and procedures. All claims should be settled on their intended settlement date (ISD) and Clearing Members should ensure that priority settings allow the settlement of a distribution in the relevant settlement system.~~

~~Where claims or distributions are not settled in accordance with the procedures of the relevant settlement system, the Clearing House compensates cash claims on a net of tax basis, in accordance with Part 3 of the Rules.~~

~~The cash compensation is not itself a dividend payment and the Clearing House does not provide tax vouchers.~~

~~The Clearing House does not reclaim Tax on a Clearing Member's behalf. If a Clearing Member is entitled to receive Tax benefit, then it will need itself to deal directly with the relevant Tax authority.~~

~~If the Clearing House incurs any liability to pay any Tax (including but not limited to any stamp duty, income tax, withholding tax and corporation tax) in respect of the cash compensation then it will require reimbursement in respect of such Tax liability and any costs and other expenses incurred in relation thereto, from the Clearing Member who is or was party to Contract concerned. The Clearing House will debit such amounts from the relevant account of that Clearing Member.~~

(b) Scrip Dividends

~~Where an issuing company announces a Scrip Dividend on an underlying Financials & Softs Equity Future/Option or Stock Contingent contract, Buying Clearing Members will only be permitted to receive the default option as directed by the relevant settlement system.~~

(c) Settlement of Claims outside of the relevant settlement system

Although Clearing Members are not permitted to delete claims in the relevant settlement system, the Clearing House may, in its discretion at any time, agree with a Clearing Member to ~~co-operate with that Clearing Member in order to make a Corporate Event "claim" a claim otherwise than through~~ give effect to a corporate event claim processed outside the relevant settlement system. In such circumstances, and always subject to the Clearing House's prior approval, the Clearing Member concerned may, in accordance with the Clearing House's instructions, thereafter delete the claim within the relevant settlement system and the Clearing House will ~~provide reasonable co-operation with that Clearing Member~~ seek to facilitate settlement through the Clearing House's systems. Without limiting the Clearing House's discretion in this regard, Clearing Members are advised that generally this is only likely to occur when there are, in the Clearing House's opinion, circumstances that would be likely to prevent settlement in the relevant settlement system.

(d) Fractional Entitlements

~~When an Issuer determines that an amount known as a "fractional entitlement" is payable to a shareholder entitled to the same, the Clearing House will accept a claim from a Buying Clearing Member which must input a cash only transaction in the relevant settlement system against the~~

~~Clearing House for the total amount due. If the Clearing House agrees the claim it will itself input a cash only transaction against the Selling Clearing Member, which must match the Clearing House's cash only transaction within twenty four hours of the input of such transaction by the Clearing House. Following settlement of the Selling Clearing Member's cash only transaction, the Clearing House will match the cash only transaction of the Buying Clearing Member and that transaction will settle. If the Selling Clearing Member fails to match the Clearing House's cash only transaction within the time period set out above, then the Clearing House will debit the total amount of the claim via the Selling Clearing Member's account. Where a Buying Clearing Member issues a claim for a 'fractional entitlement' more than one month after the Issuer determines that such entitlements are payable, such claim will be treated as invalid by the Clearing House, and the Clearing House will be under no obligation whatsoever to make any payment to the Buying Clearing Member with regard to the fractional entitlement associated therewith.~~

(e) ~~Lapsed Rights Proceeds~~

~~Where a Buying Clearing Member issues a rights claim more than one month after the appropriate deadline nominated by the Issuer for acceptance of an offer in respect thereof, such claim shall be treated as invalid by the Clearing House, and the Clearing House shall be under no obligation whatsoever to make any payment to the Buying Clearing Member with regard to the lapsed rights premium associated therewith.~~

4.2 ~~4.3~~ **Elective Corporate Events**

~~The Clearing House will not accept any instructions from Buying Clearing Members in relation to any corporate event. The Clearing House will allow the Corporate Event to default to the 'default option' as directed by the relevant settlement system.~~

Neither the Clearing House nor any Selling Clearing Member is under any obligation to accept any instructions from a Buying Clearing Member in relation to any corporate event requiring an election to be made, where such election would occur after the expiry or exercise date but prior to the date of settlement, unless the Buying Clearing Member notifies the Clearing House of a request to make an election prior to any deadlines stated within these procedures, or by any other means by the Clearing House. For securities settling through Euroclear UK & Ireland (CREST), Buying Clearing Members must submit election notices directly via the CREST ACON process. Buyer election notices will not be accepted by the Clearing House for events which are not supported by the CREST ACON process. Therefore, any affected failing transactions will automatically receive the default option.

Buyer election notices should be submitted to the Clearing House by 11 a.m. on the day before the relevant deadline set by the relevant issuer of the Deliverable for such election (or such other deadline as the Clearing House may specify). If the Clearing House receives a valid and timely request from a Buying Clearing Member to make an election, it shall promptly notify the Selling Clearing Member of the request and the Selling Clearing Member and Buying Clearing Member shall, upon receipt of the request by the Selling Clearing Member, simultaneously become bound by the effects of the request. Buying Clearing Member election notices must be submitted to the Clearing House in writing, and will not be deemed to have been accepted by the Clearing House unless and until confirmed so by the Clearing House. It is the responsibility of the Buying Clearing Member to ensure receipt of the election notice by the Clearing House. The corresponding notification to the Selling Clearing Member by the Clearing House may be made after the Buyer election deadline stated above, but in any case, as soon as reasonably possible. Upon receipt of an election notification from the Clearing House, the Selling Clearing Member must act upon that notification accordingly, and reduce settlement priority of the relevant unsettled transaction(s) to zero.

Where no instructions are received by the Clearing House by 11 a.m. on the day before the relevant deadline, the Selling Clearing Member shall allow the elective corporate event to default to the 'default option' for elections, as directed by the relevant settlement system. The Selling Clearing Member and Buying Clearing Member shall simultaneously become bound by the default option election.

Where a Selling Clearing Member does not ~~make an election (where applicable) in accordance with the default option as directed by the relevant settlement system, that~~ act in accordance with an election relating to a Deliverable and/or an Investment made pursuant to the Contract Terms (including pursuant to any instructions made by the Clearing House in accordance with this paragraph 4.2), that Selling Clearing Member will be responsible for reimbursing the Clearing House for any costs, expenses and other losses suffered by the Clearing House or Buying Clearing Member in connection with or as a result of that failure or omission.

Where a Buying Clearing Member provides the Clearing House with a request for instructions in relation to an election after 11 a.m. on the day before the relevant deadline set by the relevant Issuer for such election, such claim shall be treated as invalid by the Clearing House and neither the Clearing House nor the Selling Clearing Member shall be under any obligation whatsoever to effect settlement on the basis of such election.

4.3 **Cash Claims**

Subject to paragraphs 4.1 and 4.2, where a corporate event giving rise to a Cash Claim occurs where the relevant record or reference date is after the expiry or exercise date of the relevant Equity Futures/Options Contract or stock contingent contract, the Buying Clearing Member shall be entitled, in addition to delivery of the Deliverable (if applicable), to such Cash Claim, and the Clearing House and (if applicable) the Selling Clearing Member shall be obliged to effect settlement of such Equity Futures/Options Contract or stock contingent contract taking into account such Cash Claim.

Subject to paragraphs 4.1 and 4.2, in the event of a failure of settlement, a Buying Clearing Member's rights in respect of reimbursement or settlement shall be calculated to include the Cash Claim (or may, consist entirely of the Cash Claim, as the case may be).

All such Cash Claim amounts should be settled on their intended settlement date in accordance with the relevant settlement system rules and procedures. If the Selling Clearing Member receives the proceeds of a Cash Claim, the relevant amount shall be transferred by it to the Clearing House in accordance with the Finance Procedures. If the Clearing House receives the proceeds of a Cash Claim or an amount in respect thereof from a Selling Clearing Member, the relevant amount shall be transferred by it to the Buying Clearing Member in accordance with the Finance Procedures.

Where Cash Claims are not settled in accordance with the procedures of the relevant settlement system, the Clearing House compensates Cash Claims on a net of tax basis, in accordance with Part 3 of the Rules and the Finance Procedures. The cash compensation is not itself a dividend payment and the Clearing House does not provide tax vouchers or certificates in respect of dividends. The Clearing House does not reclaim Tax on a Clearing Member's behalf. If a Clearing Member is entitled to receive Tax benefit, then it will need itself to deal directly with the relevant Tax authority.

If the Clearing House incurs any liability to pay any Tax (which may include stamp duty, income tax, withholding tax or corporation tax) in respect of the cash compensation then it will require reimbursement in respect of such Tax liability and any costs and other expenses incurred in relation thereto, from the Clearing Member who is or was party to the Contract concerned in accordance with Part 3. The Clearing House will debit such amounts from the relevant account of that Clearing Member.

4.4 **Distributions**

Subject to paragraphs 4.1 and 4.2, where a corporate event giving rise to a Distribution occurs where the relevant record or reference date is after the expiry or exercise date of the relevant Equity Futures/Options Contract or stock contingent contract, the Buying Clearing Member shall be entitled, in addition to delivery of the Deliverable, to such Distribution and the Clearing House and (if

applicable) the Selling Clearing Member shall be obliged to effect settlement of such Equity Futures/Options Contract or stock contingent contract taking into account such Distribution (including, for the avoidance of doubt, any rights or warrants under a rights issue or any other rights in relation to an equity underlying except for Cash Claims or Transformations).

Subject to paragraphs 4.1 and 4.2, in the event of a failure of settlement, a Buying Clearing Member's rights in respect of reimbursement or settlement shall be calculated to include such Distribution.

All such claims in respect of Distributions should be settled on their intended settlement date in accordance with the relevant settlement system rules and procedures. If the Selling Clearing Member receives the Distribution, it shall transfer such Distribution to the Clearing House as soon as reasonably practicable following receipt, through the same settlement system as that in which the relevant Deliverable and/or Investment is settled. If the Clearing House receives the Distribution from a Selling Clearing Member, it shall transfer such Distribution to the Buying Clearing Member as soon as reasonably practicable following receipt, through the same settlement system as that in which the relevant Deliverable and/or Investment is settled.

Where Distributions are not settled in accordance with the procedures of the relevant settlement system, the Clearing House compensates Distributions on a net of tax basis, in accordance with Part 3 of the Rules. The cash compensation is not itself a dividend payment and the Clearing House does not provide tax vouchers or certificates in respect of dividends. The Clearing House does not reclaim Tax on a Clearing Member's behalf. If a Clearing Member is entitled to receive Tax benefit, then it will need itself to deal directly with the relevant Tax authority.

If the Clearing House incurs any liability to pay any Tax (which may include stamp duty, income tax, withholding tax or corporation tax) in respect of the cash compensation then it will require reimbursement in respect of such Tax liability and any costs and other expenses incurred in relation thereto, from the Clearing Member who is or was party to Contract concerned in accordance with Part 3. The Clearing House will debit such amounts from the relevant account of that Clearing Member.

4.5 ~~4.4~~ Transformations

~~(a) Transformation Skip~~

~~Clearing Members are not permitted to skip a transformation with regard to any Financials & Softs physically delivered Equity Future/Option Contract or Stock Contingent Contract. In the event that a Clearing Member does skip a transformation, that Clearing Member will be responsible for reimbursing the Clearing House for any costs, expenses and other losses suffered by the Clearing House as a result of skipping such transformation. Such costs will be debited from the Clearing Member's account.~~

~~(b) Last Time for Delivery~~

Subject to paragraphs 4.1 and 4.2, where a corporate event giving rise to a Transformation occurs where the relevant record or reference date is after the expiry or exercise date of the relevant Equity Futures/Options Contract or stock contingent contract, the Buying Clearing Member shall be entitled, in addition to the delivery of the relevant Deliverable (if applicable), to such Deliverable and/or Investment to which it would be entitled pursuant to a Transformation if it were the owner of record of the relevant Deliverable at the relevant record or reference date, and the Clearing House and (if applicable) the Selling Clearing Member (subject to below) shall be obliged to effect settlement of such Equity Futures/Options Contract or stock contingent contract upon the basis of such Transformation.

~~Where a Corporate Event occurs, a~~ Selling Clearing ~~Members~~ Member may only deliver the original securities ~~providing equity underlying provided that~~ the delivery occurs prior to the Last Time for Delivery. ~~(The Last Time for Delivery is the close of delivery versus payment equity settlement in the~~

relevant settlement system, one relevant settlement system business day prior to the call payment or registration date.) Thereafter, such a Selling Clearing Member must deliver the new securitiesequity underlying. In the event that the original equity underlying continues to exist, a Selling Clearing Member ~~does deliver~~delivers the original securitiesequity underlying, and the Buying Clearing Member declines to accept delivery of such original securitiesequity underlying, then the Clearing House will return the original securitiesequity underlying to the Selling Clearing Member and the Selling Clearing Member ~~is~~shall be obliged to deliver to the Clearing House the new securitiesequity underlying in accordance with such directions as may be given by the Clearing House.

(e) **Non-Transformation**

Subject to paragraphs 4.1 and 4.2, in the event of a failure of settlement, a Buying Clearing Member's rights in respect of reimbursement or settlement shall be calculated upon the basis of such Transformation.

All such claims in respect of Transformations should be settled on their intended settlement date in accordance with the relevant settlement system rules and procedures. If the Selling Clearing Member receives Deliverables and/or Investments pursuant to a Transformation, the relevant Deliverables and/or Investments shall be transferred by it to the Clearing House as soon as reasonably practicable following receipt, through the same settlement system as that in which the relevant Deliverable and/or Investment is settled. If the Clearing House receives Deliverables and/or Investments pursuant to a Transformation from a Selling Clearing Member, the relevant Deliverables and/or Investments shall be transferred by it to the Buying Clearing Member as soon as reasonably practicable following receipt, through the same settlement system as that in which the relevant Deliverable and/or Investment is settled.

Where the relevant settlement system does not perform a ~~transformation~~Transformation, the Clearing House will manually enter the particulars of the physically delivered Equity Future/Option Contract or ~~Stock Contingent Contract~~stock contingent contract, which will include particulars of the new securitiesequity underlying. Clearing Members must immediately input matching instructions in order to match with those new particulars.

Where Transformations are not settled in accordance with the procedures of the relevant settlement system, the Clearing House compensates Transformations on a net of tax basis, in accordance with Part 3 of the Rules. The cash compensation is not itself a dividend payment and the Clearing House does not provide tax vouchers or certificates in respect of dividends. The Clearing House does not reclaim Tax on a Clearing Member's behalf. If a Clearing Member is entitled to receive Tax benefit, then it will need itself to deal directly with the relevant Tax authority.

If the Clearing House incurs any liability to pay any Tax (which may include stamp duty, income tax, withholding tax or corporation tax) in respect of the cash compensation then it will require reimbursement in respect of such Tax liability and any costs and other expenses incurred in relation thereto, from the Clearing Member who is or was party to Contract concerned in accordance with Part 3. The Clearing House will debit such amounts from the relevant account of that Clearing Member.

5. DELIVERY DOCUMENTATION SUMMARY

5.1 Summary Clearing Member ~~Delivery Details~~Stock Deliveries Report (~~MDD~~MPSDR)

This report ~~if~~is made available to members upon early exercise or expiry of a physically delivered Equity Future or Option Contract, or the execution of a stock contingent trade, and informs Clearing Members of the following:

- (a) the Contract mnemonic of the shares to be delivered or received;
- (b) the settlement day on which delivery will occur; and

- (c) the quantity of shares to be delivered or received and the delivery price.

It will be available ~~on UCP~~ [via ECS or MFT](#) (or any successor system) to all Clearing Members by 07:00 every Business Day.

Clearing Members are advised to **printretain** this report on a daily basis ~~and retain it~~ as a record of their Contracts which are subject to delivery obligations.

~~This report is specific to each day of exercise/delivery, it is not cumulative. Clearing Members should refer to UCP Delivery Pending Report (DPR) which gives details of all contracts pending delivery and the MPFE report cumulative until trades have been settled.~~

5.2 Clearing Member Stock Contingent ~~Position~~ [Trades](#) Report (~~SCTM~~ [MTSCT](#))

This report ~~is~~ made available to Clearing Members who execute stock contingent trades and informs Clearing Members of the following:

- (a) the Clearing Member's sub account;
- (b) the "underlying mnemonic" of the Financials & Softs contract to be delivered or received;
- (c) the "derivative mnemonic" of the Financials & Softs contract;
- ~~(d) the settlement day on which delivery will occur;~~
- ~~(d)~~ [\(e\)](#) the trade ~~reference~~ [ID](#) number;
- ~~(e)~~ [\(f\)](#) a buy/sell indicator;
- ~~(f)~~ [\(g\)](#) the quantity of shares to be delivered or received and the delivery price;
- ~~(h) the total consideration;~~

It will be available ~~on UCP~~ [via ECS or MFT](#) (or any successor system) to all Clearing Members by 07:00 on the Business Day following trade.

Clearing Members are advised to **printretain** this report ~~and retain it~~ as a record of their Contracts subject to delivery obligations.

~~This report is cumulative until trades have been settled.~~

5.3 ~~Stock Contingent Trade Reconciliation Report (SCTR)~~

~~This report is made available to Clearing Members who execute Stock Contingent Trades and provides details of the Volatility Trades. The report enables Clearing Members to reconcile Stock Contingent Bargains against the related individual Volatility Trades. The report should be used in conjunction with the Clearing Member Stock Contingent Trade Report and provides Clearing Members with the following information:~~

- ~~(a) the Clearing Member's sub account;~~
- ~~(b) the trade date;~~

- ~~(c) the settlement date;~~
- ~~(d) the UCP (or any successor system) slip number;~~
- ~~(e) the CONNECT reference number;~~
- ~~(f) the EMS reference number;~~
- ~~(g) the trader mnemonic;~~
- ~~(h) the NCM mnemonic;~~
- ~~(i) the expiry date;~~
- ~~(j) the underlying contract mnemonic;~~
- ~~(k) the derivative contract mnemonic;~~
- ~~(l) the exercise price;~~
- ~~(m) the volume traded;~~
- ~~(n) buy/sell details;~~
- ~~(o) contract type;~~
- ~~(p) account; and~~
- ~~(q) account reference.~~

~~It will be available on UCP (or any successor system) to all Clearing Members by 07:00 on the Business Day following trade.~~

~~Clearing Members are advised to print this report and retain it as a record of their Contracts subject to delivery obligations.~~

~~This report is cumulative until trades have been settled.~~

~~5.4 Financials & Softs Physically Delivered Equity Option Settlement Details Form~~

~~This form must be completed by each Clearing Member wishing to clear Financials & Softs Equity Option Contracts. The form must be signed by an authorised signatory of the Clearing Member.~~

~~Clearing Members must give a minimum of five Business Days' notice of amendments or updates to settlement details. A new form fully completed must be provided for each change.~~

~~5.5 Financials & Softs Equity Futures Contracts Settlement Details Form~~

~~This form must be completed by each Clearing Member wishing to clear the Financials & Softs Physically Delivered Equity Future Contracts. The form must be signed by an authorised signatory of the Clearing Member.~~

~~Clearing Members must give a minimum of five Business Days' notice of amendments or updates to settlement details. A new form must be completed and provided for each change.~~

~~5.6 Financials & Softs Stock Contingent Trades Settlement Details Form~~

~~This form must be completed by each Clearing Member wishing to clear Financials & Softs Stock Contingent Trades. The form must be signed by an authorised signatory of the Clearing Member.~~

~~Clearing Members must give a minimum of five Business Days' notice of amendments or updates to settlement details. A new form must be completed and provided for each change.~~

~~5.7~~ 5.3 Financials & Softs Stock Contingent Allocation Change Request Form

Clearing Members requiring the allocation of the stock leg of a stock contingent trade on trade day plus 1 must complete this form. The form must be completed in full by all Originating Members and relevant receiving Clearing Members involved in the allocation and submitted by no later than 16:00 on trade day plus 1. The Clearing House ~~will~~ reserves the right to charge a fee ~~of £6.00~~ per Originating Member and Receiving Member per bargain. ~~Charges will be included in each months general fee invoice.~~