

SECTION KKKKK - CONTRACT RULES: ICE FUTURES EQUITY RELATED SECURITIES (FLEXIBLE)
OPTIONS CONTRACTS

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¹ Amended 19 December 2015

² Amended 12 December 2014

KKKKK CONTRACT RULES: ICE FUTURES EQUITY RELATED SECURITIES (FLEXIBLE) OPTIONS CONTRACTS

KKKKK.1 INTERPRETATION

- (a) Save as otherwise specified herein, words and phrases defined in the Regulations shall have the same meanings in these Contract Rules.
- (b) In these Contract Rules and the Administrative Procedures:
- “Administrative Procedures” means the administrative procedures at Rule LLLLL implemented by the Exchange for the purposes of these Contract Rules.
- “Assured Payment” means, in the case of securities transferred through the Relevant Settlement System, a system-generated payment instruction which is binding on:
- (i) the Clearing House’s settlement bank in favour of the Transferor’s settlement bank in the case of a transfer of securities from the Transferor to the Clearing House; and
 - (ii) the Transferee’s settlement bank in favour of the Clearing House’s settlement bank in the case of the transfer of securities from the Clearing House to the Transferee,
- of an amount equal to the settlement amount for such securities.
- “call option” means a right, upon the exercise of which the Buyer of the call option becomes the Delivery Buyer and the Seller of the call option becomes the Delivery Seller under a Delivery Contract.
- “CHF” denotes the lawful currency of Switzerland known, at the date of issue of these Contract Rules, as the “Swiss Franc”.
- “Clearing House Notice of Exercise” means a notice from the Clearing House, in a form from time to time prescribed by the Clearing House, confirming to the Seller of an option that the Clearing House has exercised an option against the Seller.
- “company” means a body corporate whose share capital includes shares (as defined below).
- “Conditional Option Contract” has the meaning attributed to it in Rule KKKKK.2A(a).
- “Contract” means an Option Contract or a Delivery Contract, as the case may be, and “registered Contract” means a Contract registered by the Clearing House.
- “Corporate Action” has the meaning attributed to it in Rule KKKKK.17(a).
- “Cum Entitlement” in respect of a security, means with the right, before a date determined and published from time to time by the Relevant Stock Exchange, to any Relevant Entitlement relating thereto.
- “Daily Delivery Settlement Price” has the meaning attributed to it in Rule KKKKK.21.
- “Daily Reference Price” has the meaning attributed to it in Rule KKKKK.2(f)(viii).
- “Delivery Buyer” in respect of a Delivery Contract, means the person who is obliged to take delivery of one lot under such Delivery Contract.

“Delivery Contract”	has the meaning attributed to it in Rule KKKKK.6(d), Rule KKKKK.6A(c) or Rule KKKKK.7(d), as applicable.
“Delivery Notice”	means the notice to be given by the Clearing House to a Delivery Seller and to a Delivery Buyer under Rule KKKKK.12.
“Delivery Seller”	in respect of a Delivery Contract, means the person who is obliged to make delivery of one lot under such Delivery Contract.
“Depository Receipts”	(which, as the context requires, includes depository shares) means certificates or instruments representing certain shares.
“DKK”	denotes the lawful currency of the Kingdom of Denmark known, at the date of issue of these Contract Rules, as the “Danish Kroner”.
“EDSP”	means the Exchange Delivery Settlement Price and has the meaning attributed to it in Rule KKKKK.22.
“ETF shares”	means shares in an Exchange Traded Fund.
“euro”, “€” and “eurocents”	denote the single currency of the European Union introduced in a Member State arising out of its participation in Economic and Monetary Union.
“Ex Entitlement”	in respect of a security, means without the right, on or after a date determined and published from time to time by the Relevant Stock Exchange, to any Relevant Entitlement relating thereto.
“Exercise Notice”	means a notice in a form from time to time prescribed by the Clearing House notifying the Clearing House that a Buyer of an option wishes to exercise an option against the Clearing House.
“exercise price”	means the price agreed as such by the parties to the Option Contract (being a price permitted by the Exchange to be an exercise price in respect of which an Option Contract can be made) as the price of each security comprised in a lot and which shall be the price of each security to be transferred under a Delivery Contract arising on the exercise of an option the subject of such Option Contract.
“Expiry Day”	in respect of an Option Contract means the day agreed as such by the parties to the Option Contract (being anticipated to be a market day falling within a period from time to time prescribed by the Exchange, and being a day which has not been declared by the Exchange in a notice posted on the Market as a day on which an Option Contract may not expire). Notwithstanding the foregoing, if at any time the day agreed is declared by the Exchange, in a notice posted on the Market, not to be a market day or as a day which shall not be agreed to be an Expiry Day, the Expiry Day shall be the market day immediately preceding such day, unless such declaration is after the close of business on such preceding market day, in which case the Expiry Day shall remain the day it was scheduled to be.
“expiry month”	in respect of Rule IIII means a month specified as such by the Exchange for which a contract under Rule IIII can be made.
“Expiry Reference Price”	has the meaning attributed to it in Rule KKKKK.2(f)(ix).
“Last Trading Day”	in respect of Rule IIII shall have the meaning ascribed to it in such Contract Rules.

“listed”	means admitted to official listing by the relevant listing authority and admitted to trading by the Relevant Stock Exchange.
“List of Contract Details”	means the list of contract details published by the Exchange from time to time in accordance with Rule KKKKK.2(f).
“lot”	means, in respect of securities, specified in the List of Contract Details, the number of securities specified in that list (or such other number as may be specified in a notice posted on the Market from time to time).
“market day”	means a day on which the Market and the Clearing House are open for business.
“Member State”	means a member of the European Union.
“NOK”	denotes the lawful currency of the Kingdom of Norway known, at the date of issue of these Contract Rules, as the “Norwegian Krone”.
“option”	means a put option or a call option.
“Option Contract”	means a contract made expressly or impliedly under these Contract Rules under which one or more put options or one or more call options are bought and sold.
“Pounds”, “£”, “Pence” and “p”	denote the lawful currency of the United Kingdom, known at the date of issue of these Contract Rules, as “Sterling”.
“Premium”	in respect of an option, means the amount determined in accordance with Rule KKKKK.4(a) to be payable by the Buyer to the Seller as the consideration for the purchase of the option.
“proprietary or equitable interest”	means any proprietary or equitable interest or right whatsoever including, without limitation, any such interest or right arising under or by virtue of any disposition made or purporting to be made by way of security or by way of loan and any other lien, pledge, encumbrance or equity of any kind.
“put option”	means a right, upon the exercise of which the Buyer of the put option becomes the Delivery Seller and the Seller of the put option becomes the Delivery Buyer under a Delivery Contract.
“Relevant Currency”	has the meaning attributed to it in Rule KKKKK.2(f)(iii).
“Relevant Delivery Procedures”	means one or more documents issued by the Clearing House from time to time relating to the settlement of securities under a Delivery Contract through the Relevant Settlement System.
“Relevant Entitlement”	means any one or more of a cash dividend, scrip dividend, bonus issue, scrip issue, rights issue, or any other right or entitlement, attaching or accruing to, or otherwise affecting, from time to time, a security or ownership of a security.
“Relevant Settlement System”	means the settlement system as detailed in the List of Contract Details.
“Relevant Settlement System business day”	means a day when the Relevant Settlement System is open for business.

“Relevant Settlement System Member Account”	means an appropriate member account maintained by the Relevant Settlement System for the transfer of securities.
“Relevant Settlement System Rules”	means those parts of the rules, reference manual, procedures, practices and any other document from time to time in force of the Relevant Settlement System which apply to the settlement of transactions by participants in the Relevant Settlement System.
“Relevant Stock Exchange”	has the meaning attributed to it in Rule KKKKK.2(f)(i).
“securities”	means shares or Depositary Receipts as the case may be.
“SEK”	denotes the lawful currency of the Kingdom of Sweden known, at the date of issue of these Contract Rules, as the “Swedish Krona”.
“Settlement Account”	means the Relevant Settlement System Member Account.
“Settlement Agent”	means in respect of the transfer of securities under a Delivery Contract through the Relevant Settlement System, a member of the Relevant Settlement System.
“settlement amount”:	<p>(i) means in respect of delivery under an ICE Futures Equity Related Securities (Flexible) Options Contract (Physical Delivery), the product of the exercise price and the number of securities comprised in the lot the subject of the Delivery Contract or, as the case may be, the product of the exercise price and the number of securities delivered at any time under such Delivery Contract; and</p> <p>(ii) in respect of an ICE Futures Equity Related Securities (Flexible) Options Contract (Cash Settlement), has the meaning given to it in Rule KKKKK.23.</p>
“Settlement Day”	in respect of a Contract, means the day specified as such in the List of Contract Details for the settlement of Contracts which arise pursuant to Rule KKKKK.6(d) and Rule KKKKK.7(d).
“shares”	means securities which form part of the share capital of a company or which are ETF shares, as the case may be, which in each case are listed or are the subject of when issued dealing.
“Stock Exchange Rules”	means the rules, regulations, procedures and practices from time to time in force of the Relevant Stock Exchange.
“Transferee”	means a person appointed under Rule KKKKK.15(a)(i)(A) to take a transfer of securities in respect of a Delivery Contract.
“Transferor”	means a person appointed under Rule KKKKK.14(a)(i)(A) to transfer securities in respect of a Delivery Contract.
“Underlying Currency”	has the meaning attributed to it in Rule KKKKK.2(f)(ii).
“USD” and “\$”	denote the lawful currency of the United States of America known, at the date of issue of these Contract Rules, as the “dollar”.
“when issued dealing”	means transactions in shares which are the subject of an application for listing, entered into before and conditional upon listing becoming effective.

(c) [Not used]

(d) [Not used]

(e) [Not used]

KKKKK.2 CONTRACT SPECIFICATION

- (a) Each Option Contract shall be for one or more put options or one or more call options for an Expiry Day and at the exercise price agreed, subject to any adjustments to the exercise price made in accordance with Rule KKKKK.17. An exercise price shall be expressed in the Relevant Currency. An exercise price shall be agreed in the Relevant Currency or shall be determined by agreeing a value expressed as a percentage of a reference price of the securities underlying the Option Contract and, forthwith on the making of the Contract, converting such value into the Relevant Currency in accordance with procedures from time to time established by the Exchange.
- (b) An option shall be for a lot, subject to any adjustment to the number of securities comprised in a lot made in accordance with Rule KKKKK.17.
- (c) A contract may not be made under these Contract Rules if, at such time, such contract is capable of being a contract under the terms of Rule IIII.
- (d) [Not used]
- (e) [Not used]
- (f) An Option Contract may be entered into in respect of securities which have been designated for this purpose by the Exchange. The Exchange shall publish a list of such securities (the “List of Contract Details”) by means of a notice posted on the Market. That list shall include, for each security:
- (i) a stock exchange on which such securities are available for trading (the “Relevant Stock Exchange”);
 - (ii) the currency in which such securities trade on the Relevant Stock Exchange (the “Underlying Currency”);
 - (iii) the currency in which Contracts in respect of such securities shall trade (the “Relevant Currency”);
 - (iv) the minimum price fluctuation;
 - (v) the number of securities comprising a lot;
 - (vi) the time at which trading in respect of the relevant series shall cease on the Expiry Day;
 - (vii) the Settlement Day for Contracts;
 - (viii) the price by reference to which the Daily Delivery Settlement Price shall be calculated in respect of an ICE Futures Equity Related Securities (Flexible) Options Contract (American-Style Exercise, Cash Settlement) (“Daily Reference Price”);
 - (ix) the price by reference to which the EDSP shall be calculated in respect of an ICE Futures Equity Related Securities (Flexible) Options Contract (Cash Settlement) (“Expiry Reference Price”);
 - (x) where applicable, the source of the conversion rate to be applied to the Daily Reference Price and Expiry Reference Price pursuant to Rules KKKKK.21(c) and KKKKK.22(c); and
 - (xi) the Relevant Settlement System.

- (g) The Exchange may from time to time vary, substitute or remove any of, or add to, the details contained in the List of Contract Details. Any such variation, substitution or removal of, or addition to, such details shall have such effect with regard to existing and/or new Contracts as the Exchange may determine and shall be the subject of a notice posted on the Market.

KKKKK.2A WHEN ISSUED DEALING

- (a) Where shares are the subject of when issued dealing pursuant to the rules of the Relevant Stock Exchange, an Option Contract may be entered into in respect of such shares if such Option Contract has been designated for this purpose by the Exchange pursuant to Rule KKKKK.2(f). Such an Option Contract shall be a Conditional Option Contract until such time as the shares are listed.
- (b) If the shares the subject of a Conditional Option Contract are not listed, or if the Expiry Day of the Conditional Option Contract predates the listing of such shares, such Option Contract shall be void and shall be invoiced back at a price determined by the Exchange in consultation with the Clearing House. Any such determination by the Exchange shall have regard to any decision by the Relevant Stock Exchange in respect of such shares.

KKKKK.3 PRICE

- (a) Bids and offers shall be quoted in the Relevant Currency and, except as specified in the Administrative Procedures in the case of cabinet transactions, prices shall be a whole number multiple of the minimum price fluctuation, as specified in the List of Contract Details.

KKKKK.4 PREMIUM

- (a) Except as specified in the Administrative Procedures in the case of cabinet transactions, the Premium payable in respect of an option shall be the product of the price of the option and the number of securities comprised in a lot the subject of such option.
- (b) The Buyer shall pay the Premium to the Clearing House on the day and by the time specified for that purpose in the Administrative Procedures and the Clearing House shall pay the Premium to the Seller on the same day.

KKKKK.5 EXPIRY DAY

- (a) Trading in Option Contracts for an Expiry Day shall cease for such Option Contracts in respect of that Expiry Day at the time specified in the Administrative Procedures.

KKKKK.6 EXERCISE OF AN OPTION BY A BUYER AGAINST THE CLEARING HOUSE AND CONFIRMATION OF EXERCISE IN RESPECT OF AN ICE FUTURES EQUITY RELATED SECURITIES (FLEXIBLE) OPTIONS CONTRACT (AMERICAN-STYLE EXERCISE)

- (a) Subject to Rule KKKKK.2A(b), Rule KKKKK.6(b) and to Rule KKKKK.19, a Buyer may exercise an option against the Clearing House on any market day up to and including the Expiry Day and shall do so by giving to the Clearing House an Exercise Notice by the time specified for that purpose in the Administrative Procedures and in a manner from time to time prescribed by the Clearing House.
- (b) The Exchange may from time to time specify, by means of a notice posted on the Market, one or more market days on which options shall not be capable of being exercised under Rule KKKKK.6(a). Any Exercise Notice given by a Buyer to the Clearing House on a market day specified in such notice shall be invalid.
- (c) The Clearing House shall give to the Buyer a notice in a form from time to time prescribed by the Clearing House, on the day and by the time specified for that purpose in the Administrative Procedures, confirming which options specified in an Exercise Notice have been validly exercised by the Buyer in accordance with these Contract Rules.

- (d) In respect of ICE Futures Equity Related Securities (Flexible) Options Contracts (Physical Delivery), on the day on which the Buyer has validly exercised an option and immediately upon such exercise, a “Delivery Contract” for one lot shall arise:
 - (i) in the case of a call option, between the Clearing House and the Buyer as Delivery Seller and Delivery Buyer respectively; or
 - (ii) in the case of a put option, between the Clearing House and the Buyer as Delivery Buyer and Delivery Seller respectively.

KKKKK.6A EXERCISE OF AN OPTION BY A BUYER AGAINST THE CLEARING HOUSE AND CONFIRMATION OF EXERCISE IN RESPECT OF ICE FUTURES EQUITY RELATED SECURITIES (FLEXIBLE) OPTIONS CONTRACTS (EUROPEAN-STYLE EXERCISE)

- (a) Subject to Rule KKKKK.2A(b) and to Rule KKKKK.19, a Buyer may exercise an option against the Clearing House only on the Expiry Day and shall do so by giving to the Clearing House an Exercise Notice by the time specified for that purpose in the Administrative Procedures and in a manner from time to time prescribed by the Clearing House.
- (b) The Clearing House shall give to the Buyer a notice in a form from time to time prescribed by the Clearing House, on the day and by the time specified for that purpose in the Administrative Procedures, confirming which options specified in an Exercise Notice have been validly exercised by the Buyer in accordance with these Contract Rules.
- (c) In respect of an ICE Futures Equity Related Securities (Flexible) Options Contract (Physical Delivery), on the day on which the Buyer has validly exercised an option and immediately upon such exercise, a “Delivery Contract” for one lot shall arise:
 - (i) in the case of a call option, between the Clearing House and the Buyer as Delivery Seller and Delivery Buyer respectively; or
 - (ii) in the case of a put option, between the Clearing House and the Buyer as Delivery Buyer and Delivery Seller respectively.

KKKKK.7 EXERCISE BY THE CLEARING HOUSE AGAINST A SELLER AND CONFIRMATION OF EXERCISE

- (a) Subject to Rule KKKKK.2A(b) and Rule KKKKK.7(b), on the day on which an option is validly exercised by a Buyer, the Clearing House shall select a Seller, by such method of allocation as may be specified in the Administrative Procedures, against whom to exercise an option of the same type and at the same exercise price and for the same Expiry Day and shall exercise such option in a form and manner from time to time prescribed by the Clearing House.
- (b) If the Clearing House is unable to exercise an option against a Seller in accordance with Rule KKKKK.7(a) on the day referred to in such Contract Rule, the Clearing House shall do so as soon as possible thereafter and such option shall be deemed to have been exercised on the day referred to in Rule KKKKK.7(a) which, for all purposes of these Contract Rules, shall be the day of exercise of such option.
- (c) In respect of each option exercised by the Clearing House against a Seller under this Rule KKKKK.7, the Clearing House shall give to the Seller a Clearing House Notice of Exercise by the time specified for that purpose in the Administrative Procedures on the market day following the day of exercise of the option and in a manner from time to time prescribed by the Clearing House.
- (d) In respect of ICE Futures Equity Related Securities (Flexible) Options Contracts (Physical Delivery), on the day on which the Clearing House has exercised an option against a Seller and immediately upon such exercise, a “Delivery Contract” for one lot shall arise:

- (i) in the case of a call option, between the Seller and the Clearing House as Delivery Seller and Delivery Buyer respectively; or
- (ii) in the case of a put option, between the Seller and the Clearing House as Delivery Buyer and Delivery Seller respectively.

KKKKK.8 EXPIRY

- (a) An option in respect of an Expiry Day which has not been validly exercised in accordance with Rule KKKKK.6, Rule KKKKK.6A or Rule KKKKK.7, as applicable, shall expire on the day and at the time specified for that purpose in the Administrative Procedures.

**KKKKK.9 DELIVERY CONTRACT IN RESPECT OF ICE FUTURES EQUITY RELATED SECURITIES
(FLEXIBLE) OPTIONS CONTRACTS (PHYSICAL DELIVERY)**

- (a) In respect of a Delivery Contract, the Delivery Seller is obliged to make delivery of one lot and the Delivery Buyer is obliged to take delivery thereof and to make payment of the settlement amount in accordance with Rule KKKKK.16 and the Administrative Procedures, subject to these Contract Rules and the Administrative Procedures which shall apply thereto.

**KKKKK.10 ENTITLEMENT FOLLOWING EXERCISE IN RESPECT OF ICE FUTURES EQUITY RELATED
SECURITIES (FLEXIBLE) OPTIONS CONTRACTS (PHYSICAL DELIVERY)**

- (a) If securities the subject of an option are Cum Entitlement on the day such option is exercised, the Delivery Buyer shall be entitled to receive, or to exercise, or to direct the exercise of, the Relevant Entitlement in respect of such securities which are to be delivered to him under the Delivery Contract arising pursuant to Rule KKKKK.6(d), Rule KKKKK.6A(c), or Rule KKKKK.7(d), as applicable, on the exercise of such option.

**KKKKK.11 SETTLEMENT AGENT IN RESPECT OF ICE FUTURES EQUITY RELATED SECURITIES
(FLEXIBLE) OPTIONS CONTRACTS (PHYSICAL DELIVERY)**

- (a) Only a Settlement Agent with a Settlement Account at the Relevant Settlement System may be used for the purposes of making or taking delivery of securities under a Delivery Contract by transfer of securities through such Relevant Settlement System and making or receiving payment of the settlement amount under a Delivery Contract in accordance with these Contract Rules, unless these Contract Rules otherwise require or permit.

**KKKKK.12 CLEARING HOUSE DELIVERY NOTICE IN RESPECT OF ICE FUTURES EQUITY RELATED
SECURITIES (FLEXIBLE) OPTIONS CONTRACTS (PHYSICAL DELIVERY)**

- (a) On the market day immediately following the exercise of options in accordance with these Contract Rules and by the time specified for that purpose in the Administrative Procedures, the Clearing House shall give a Delivery Notice:
 - (i) to the Delivery Buyer specifying the Delivery Contracts to which he is party with the Clearing House which have arisen in accordance with Rule KKKKK.6(d), Rule KKKKK.6A(c) or Rule KKKKK.7(d), as the case may be, and details of the Delivery Contracts which shall be submitted in accordance with the Relevant Delivery Procedures by or on behalf of the Delivery Buyer and by the Clearing House to the Relevant Settlement System in respect of Delivery Contracts which are due to be settled by the transfer of securities through the Relevant Settlement System; and
 - (ii) to the Delivery Seller specifying the Delivery Contracts to which he is party with the Clearing House which have arisen in accordance with Rule KKKKK.6(d), Rule KKKKK.6A(c) or Rule KKKKK.7(d), as the case may be, and details of the Delivery Contracts which shall be submitted in accordance with the Relevant Delivery Procedures by or on behalf of the Delivery

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Seller and by the Clearing House to the Relevant Settlement System in respect of Delivery Contracts which are due to be settled by the transfer of securities through the Relevant Settlement System.

KKKKK.13 SUBMISSION OF DETAILS TO THE RELEVANT SETTLEMENT SYSTEM IN RESPECT OF ICE FUTURES EQUITY RELATED SECURITIES (FLEXIBLE) OPTIONS CONTRACTS (PHYSICAL DELIVERY)

- (a) In respect of Delivery Contracts to be settled by the transfer of securities through the Relevant Settlement System, on the Relevant Settlement System business day following the day of exercise of an option in accordance with Rule KKKKK.6, Rule KKKKK.6A or Rule KKKKK.7, as the case may be, and by the time specified for that purpose in the Administrative Procedures, the details of Delivery Contracts notified to the Delivery Buyer and to the Delivery Seller pursuant to Rules KKKKK.12(a)(i) and KKKKK.12(a)(ii) respectively and such other details as may be required by the Relevant Delivery Procedures shall have been submitted, as required by such Contract Rules, to the Relevant Settlement System so as to enable the Relevant Settlement System:
- (i) in the case of the Delivery Buyer, to match the details of the Contracts submitted to it by or on behalf of the Delivery Buyer with the details of the Contracts submitted to it by the Clearing House; and
 - (ii) in the case of the Delivery Seller, to match the details of the Contracts submitted to it by or on behalf of the Delivery Seller with the details of the Contracts submitted to it by the Clearing House,

in order that settlement of Contracts is effected through the Relevant Settlement System on the Settlement Day.

KKKKK.14 SELLER'S DELIVERY DETAILS IN RESPECT OF ICE FUTURES EQUITY RELATED SECURITIES (FLEXIBLE) OPTIONS CONTRACTS (PHYSICAL DELIVERY)

- (a) (i) Where the Relevant Delivery Procedures so require, a Clearing Member shall give to the Clearing House, in accordance with the terms of the Relevant Delivery Procedures, details of:
- (A) the names of persons conforming with the Relevant Delivery Procedures and paragraph (ii) of this Rule KKKKK.14(a) (who may include the Clearing Member himself) who are appointed by the Clearing Member to transfer securities to the Clearing House in accordance with these Contract Rules in respect of Delivery Contracts which may be entered into by such Clearing Member as Delivery Seller; and
 - (B) the names of the Settlement Agents (who may include the Transferor himself) who will be used by each such person to transfer such securities and to receive payment of the settlement amount for such securities and details of their Settlement Accounts,

together with the acknowledgement described in Rule KKKKK.14(c), if required by that Rule and each Transferor so appointed (other than the Clearing Member himself) and each Settlement Agent so appointed (whether or not the Transferor) shall act as agent for the Clearing Member in transferring such securities or receiving payment of the settlement amount for such securities, notwithstanding that settlement of such securities shall be made through the Settlement Account of the Settlement Agent.

- (ii) The Clearing House may from time to time restrict the persons or categories of persons which may be appointed as Settlement Agents or as Transferors or the types of Settlement Accounts to be used for making a transfer of securities.

- (iii) The details given to the Clearing House in accordance with paragraph (i) of this Rule KKKKK.14(a) may be amended from time to time in accordance with the Relevant Delivery Procedures.
- (b) Although the Delivery Seller may under Rule KKKKK.14(a) appoint a person other than himself as Transferor, the Delivery Seller shall himself remain responsible in respect of a Delivery Contract for delivery of the securities and the performance of all other obligations under such Contract expressed to be imposed upon the Transferor in these Contract Rules and in the Administrative Procedures. However, performance by the Transferor of those obligations expressed to be imposed upon him (including the obligation to transfer securities) in accordance with these Contract Rules and in the Administrative Procedures shall constitute due performance of the Delivery Seller's obligations under such Contract.
- (c) Except where the Delivery Seller is also the Transferor, the Delivery Seller shall by the day specified in and in accordance with the Relevant Delivery Procedures deliver to the Clearing House an irrevocable acknowledgement, in a form from time to time prescribed by the Clearing House, addressed to the Clearing House by each Transferor, acknowledging amongst other things that the obligations of the Clearing House with regard to all sums payable by it in respect of securities to be delivered by the Transferor in respect of any Delivery Contract from time to time entered into by the Delivery Seller with the Clearing House and in respect of which he is appointed Transferor are owed to the Delivery Seller alone, and that the Transferor has no rights whatsoever against the Clearing House.

**KKKKK.15 BUYER'S DELIVERY DETAILS IN RESPECT OF ICE FUTURES EQUITY RELATED SECURITIES
(FLEXIBLE) OPTIONS CONTRACTS (PHYSICAL DELIVERY)**

- (a) (i) Where the Relevant Delivery Procedures so require, a Clearing Member shall give to the Clearing House, in accordance with the terms of the Relevant Delivery Procedures, details of:
 - (A) the names of persons conforming with the Relevant Delivery Procedures and paragraph (ii) below (who may include the Clearing Member himself) who are appointed to take a transfer of securities from the Clearing House in accordance with these Contract Rules in respect of Delivery Contracts which may be entered into by such member as Delivery Buyer; and
 - (B) the names of the Settlement Agents (who may include the Transferee himself) who will be used by each such person to take a transfer of such securities and to make payment of the settlement amount for such securities and details of their Settlement Accounts,together with the acknowledgement described in Rule KKKKK.15(c), if required by that Rule and each Transferee so appointed (other than the Clearing Member himself) and each Settlement Agent so appointed (whether or not the Transferee) shall act as agent for the Clearing Member in taking a transfer of such securities or making payment of the settlement amount for such securities, notwithstanding that the transfer of such securities shall be made through the Settlement Account of the Settlement Agent.
- (ii) The Clearing House may from time to time restrict the persons or categories of persons which may be appointed as Settlement Agents or as Transferees or the types of Settlement Accounts to be used for taking a transfer of securities.
- (iii) The details given to the Clearing House in accordance with paragraph (i) of this Rule KKKKK.15(a) may be amended from time to time in accordance with the Relevant Delivery Procedures.
- (b) Although the Delivery Buyer may under Rule KKKKK.15(a) appoint a person other than himself as Transferee, the Delivery Buyer shall himself remain responsible in respect of a Delivery Contract for the acceptance of a transfer of securities and the payment of the settlement amount for such securities

and for the performance of all other obligations expressed to be imposed upon the Transferee in these Contract Rules and in the Administrative Procedures in respect of such Contract. However, performance by the Transferee of those obligations expressed to be imposed upon him (including the obligations to accept transfer of securities and to pay the settlement amount) in accordance with these Contract Rules and the Administrative Procedures shall constitute due performance of the Delivery Buyer's obligations under such Contract.

- (c) Except where the Delivery Buyer is also the Transferee, the Delivery Buyer shall by the day specified in and in accordance with the Relevant Delivery Procedures deliver to the Clearing House an irrevocable acknowledgement, in a form from time to time prescribed by the Clearing House, addressed to the Clearing House by each Transferee, acknowledging amongst other things that the Transferee has no claims whatsoever against the Clearing House in respect of any delay on its part in transferring, or any failure on its part to transfer, the securities to be transferred in respect of any Delivery Contract from time to time entered into by the Delivery Buyer with the Clearing House and in respect of which he is appointed Transferee, or in respect of any other matter whatsoever concerning those securities.

KKKKK.16 DELIVERY IN RESPECT OF ICE FUTURES EQUITY RELATED SECURITIES (FLEXIBLE) OPTIONS CONTRACTS (PHYSICAL DELIVERY)

- (a) All securities to be transferred in respect of a Delivery Contract shall be transferred free of any proprietary or equitable interest of any person.
- (b) In respect of Contracts to be settled by the transfer of securities through the Relevant Settlement System, a transfer of securities in respect of a Delivery Contract shall be made through the Relevant Settlement System in accordance with the Relevant Settlement System Rules, these Contract Rules and the Administrative Procedures, or as otherwise required or permitted by these Contract Rules and payment for such securities shall be made in accordance with these Contract Rules, the Administrative Procedures and the Relevant Settlement System Rules, and the provisions of this Rule KKKKK.16 shall be subject to the Relevant Settlement System Rules where applicable.
- (c) Subject to Rule KKKKK.16(e), on the Settlement Day at or by the time specified in respect of the Relevant Settlement System and in accordance with the Administrative Procedures:
 - (i) the Transferor shall, in respect of Delivery Contracts to be settled by the transfer of securities through the Relevant Settlement System, have transferred securities through the Relevant Settlement System from the Relevant Settlement System Member Account of the Relevant Settlement System member notified to the Clearing House in accordance with Rule KKKKK.14(a)(i) to the Relevant Settlement System Member Account of the Clearing House and payment of the settlement amount for such securities transferred through the Relevant Settlement System shall have been satisfied by an Assured Payment;
 - (ii) the Clearing House shall, in respect of Delivery Contracts to be settled by the transfer of securities through the Relevant Settlement System, have transferred the securities through the Relevant Settlement System from its Relevant Settlement System Member Account to the Relevant Settlement System Member Account of the Relevant Settlement System member notified to the Clearing House in accordance with Rule KKKKK.15(a)(i) for the account of the Transferee and payment of the settlement amount for such securities transferred through the Relevant Settlement System shall have been satisfied by an Assured Payment.
- (d) In respect of Delivery Contracts to be settled by transfer of securities through the Relevant Settlement System:
 - (i) whether or not the Delivery Seller appoints a Transferor other than himself, and notwithstanding that such a Transferor is the Delivery Seller's agent, an Assured Payment arising upon the transfer of securities to the Relevant Settlement System Member Account of the Clearing House pursuant to Rule KKKKK.16(c)(i) shall discharge the Clearing House's liability to pay the settlement amount for such securities to the Delivery Seller;

- (ii) an Assured Payment arising upon the transfer of securities pursuant to Rule KKKKK.16(c)(ii) to the Relevant Settlement System Member Account of the Relevant Settlement System member notified to the Clearing House in accordance with Rule KKKKK.15(a)(i) for the account of the Transferee shall discharge the Delivery Buyer's liability to pay the settlement amount for such securities to the Clearing House;
 - (iii) the transfer of securities by the Clearing House to or to the order of the Transferee shall discharge the Clearing House's liability to transfer such securities to the Delivery Buyer, whether or not the Transferee is the Delivery Buyer's agent; and
 - (iv) the transfer of securities by the Transferor to the Clearing House shall discharge the Delivery Seller's liability to transfer such securities to the Clearing House.
- (e) (i) Subject to Rule KKKKK.18, if any transfer of securities required by Rule KKKKK.16(c) cannot be or has not been fully accomplished on the Settlement Day at or by the time specified in respect of the Relevant Settlement System in the Administrative Procedures, due to any event occurring which is outside the control of the Transferor or of the Transferee or of the Clearing House, as the case may be, which, without prejudice to the generality of the foregoing, may include:
- (A) a failure by a seller of securities to the Transferor to make transfer of such securities by the due time so as to enable the Transferor to fulfil his obligations to transfer the securities to the Clearing House in accordance with Rule KKKKK.16(c)(i);
 - (B) a failure by the Transferor to transfer securities to the Clearing House in accordance with Rule KKKKK.16(c)(i) so as to enable the Clearing House to fulfil its obligations to transfer securities to a Transferee in accordance with Rule KKKKK.16(c)(ii);
 - (C) an error, failure, closure or suspension of the Relevant Settlement System or of other systems operated by or on behalf of the Relevant Settlement System;
 - (D) a failure or termination of the Transferor's or the Transferee's or the Clearing House's access to its Settlement Agent;
 - (E) a failure of the Transferor's or Transferee's Settlement Agents or the Clearing House's access to the Relevant Settlement System for any reason, including, without limitation, as a result of any fault or failure of any computer or communication system;
 - (F) any action taken by the Relevant Settlement System whether pursuant to the Relevant Settlement System Rules or otherwise; or
 - (G) any failure of, or any action or failure to take action by, a settlement bank, appointed by the Transferor, the Clearing House or the Transferee from time to time in connection with the settlement of securities through the Relevant Settlement System, which prevents the transfer of securities to the Transferor or to the Clearing House or to the Transferee, as the case may be,

then, without prejudice to paragraphs (iv)(A) and (iv)(B) of this Rule KKKKK.16(e), such transfer or transfers shall be made as soon as possible through the Relevant Settlement System and in accordance with the Relevant Delivery Procedures in order fully to perform a Delivery Contract or, if an event occurs which prevents a transfer of securities through the Relevant Settlement System, in accordance with any instructions which may be given by the Clearing House, which may require delivery by a means other than through the Relevant Settlement System. In the case of any disagreement between the Clearing House and the Transferor or between the Clearing House and the Transferee as to whether any particular transfer can be or has been accomplished the determination of the Clearing House shall be final.

- (ii) Any instructions given by the Clearing House under paragraph (i) above shall be binding and failure by the Delivery Seller or the Delivery Buyer to comply or ensure compliance with such instructions shall constitute a default under Rule KKKKK.19(a) by such Delivery Seller or, as the case may be, such Delivery Buyer.
- (iii) Where the Clearing House is unable to transfer securities in respect of a Delivery Contract to the Transferee in accordance with Rule KKKKK.16(c)(ii) as a result of any event (other than an event referred to in Rule KKKKK.18, which, for the avoidance of doubt, shall be dealt with under Rule KKKKK.18) occurring which is outside the control of the Clearing House, the rights of the Delivery Buyer shall consist solely of the right to have transfer of the securities made to the Transferee as soon as possible through the Relevant Settlement System and in accordance with the Relevant Delivery Procedures or otherwise as required by these Contract Rules and as soon as possible after the Clearing House has received a transfer of such securities from the Transferor or acquired them from another person.
- (iv) (A) If any transfer of securities to the Clearing House in respect of a Delivery Contract required to be made by the Transferor under Rule KKKKK.16(c)(i) or under paragraph (i) of this Rule KKKKK.16(e) is not made by the relevant time specified in the Relevant Delivery Procedures as a consequence of the occurrence of an event referred to in paragraph (i)(A) of this Rule KKKKK.16(e); or
 - (B) if an event referred to in paragraph (i)(G) of this Rule KKKKK.16(e) occurs which prevents a transfer of securities to the Transferor or a transfer of securities by the Clearing House to the Transferee; or
 - (C) notwithstanding the occurrence (if any) of an event referred to in paragraph (i) of this Rule KKKKK.16(e) or in Rule KKKKK.18 at any time, if the Clearing House, in consultation with the Exchange, determines that the Delivery Seller (or the Delivery Buyer) has not used its best endeavours to transfer (or to take transfer of) securities or to procure the Transferor to transfer (or to procure the Transferee to take a transfer of) securities, as the case may be, on the Settlement Day or in accordance with paragraph (i) of this Rule KKKKK.16(e); or
 - (D) if any transfer of securities to the Clearing House in respect of a Delivery Contract required to be made under paragraph (i) of this Rule KKKKK.16(e) (other than as a consequence of an event referred to in paragraph (i)(A) or (i)(G) of this Rule KKKKK.16(e)) is not made as soon as possible after the Settlement Day,

then the Clearing House shall be entitled to treat the Delivery Seller or the Delivery Buyer as in default and, without prejudice to its rights under Rule KKKKK.20 and to its powers under the Clearing House Rules, the Clearing House shall be entitled, at its absolute discretion, to take steps to acquire securities in accordance with the Relevant Delivery Procedures in order to fulfil its obligations under a Delivery Contract in whole or in part to make delivery of securities to a Delivery Buyer or to dispose of securities (where possible) delivered to it by the Delivery Seller and the Delivery Seller or the Delivery Buyer (as the case may be) in default shall indemnify the Clearing House in respect of any losses, costs, taxes or expenses suffered or incurred by it in taking any such steps or in exercising any such rights or powers (including any losses determined in accordance with Rule KKKKK.20(c)). The Delivery Seller or the Delivery Buyer (as the case may be) who is in default shall comply with any directions given by the Clearing House.

- (f) (i) If as a result of any event contemplated by Rule KKKKK.16(e)(i) there is a delay in the transfer of securities in respect of a Delivery Contract and the benefit of a Relevant Entitlement to which the Transferee would have been entitled if transfer to him had taken place in accordance with Rule KKKKK.16(c)(ii) (and he had retained beneficial title to the securities), is received by the Clearing House (or by the Transferor, if transfer is not made to the Clearing House by the Transferor in accordance with Rule KKKKK.16(c)(i)) then:

- (A) if the Clearing House has received the benefit of such Relevant Entitlement, or receives the benefit of such Relevant Entitlement under sub-paragraph (B) of this Rule KKKKK.16(f)(i), the Clearing House shall pass on the benefit of such Relevant Entitlement which it receives to the Delivery Buyer and shall deliver to the Delivery Buyer such documents (if any) as it receives in connection therewith; and
 - (B) if the Transferor has received the benefit of such Relevant Entitlement, the Delivery Seller shall pass on or procure that the Transferor passes on the benefit of such Relevant Entitlement which it receives to the Clearing House and shall deliver to the Clearing House such documents (if any) as it receives in connection therewith.
- (ii) Any act required by paragraph (i) of this Rule KKKKK.16(f) shall be done at such time and in such manner as the Clearing House may specify.
- (g) If any event contemplated by Rule KKKKK.16(e)(i) occurs, the Delivery Seller or the Delivery Buyer, as applicable, shall provide to the Clearing House documentary evidence satisfactory to the Clearing House that he has complied with his obligations under a Contract to which he is party by the time and in the manner prescribed.
 - (h)
 - (i) The Clearing House shall give notice to the Exchange of any instructions given by it under Rule KKKKK.16(e)(i) forthwith upon giving such instructions and of any event contemplated by Rule KKKKK.16(e)(i) which may prevent or has prevented a transfer of securities in respect of a Delivery Contract upon becoming aware of any such event.
 - (ii) If any event contemplated by Rule KKKKK.16(e)(i) occurs, the provisions of Rule KKKKK.16 shall apply and the provisions of Rule KKKKK.24 shall not apply unless, after consultation with the Clearing House, the Exchange determines that such circumstances have continued or are likely to continue for such duration that the provisions of Rule KKKKK.16(e) shall no longer apply and that the provisions of Rule KKKKK.24 shall apply. The Exchange's determination shall be final and binding.
 - (iii) Any provision of this Rule KKKKK.16 or of any other of these Contract Rules or of the Administrative Procedures relating to procedures for settlement may be varied, or substituted by different procedures for settlement, by the Exchange from time to time. Any such variation or substitution shall have such effect with regard to existing and/or new Contracts as the Exchange may determine.

KKKKK.17 CORPORATE ACTIONS

- (a) In this Rule KKKKK.17, "Corporate Action" shall mean:
 - (i) a cash and/or scrip dividend, a bonus or scrip issue, a rights issue, a share split, subdivision or consolidation, a demerger or any other event affecting or giving rise to a right or entitlement attaching or accruing to the securities; or
 - (ii) a takeover, merger or any arrangement, transaction or series of transactions which will or may result in the acquisition by any person or persons or any associated person or persons of a substantial proportion of the shares of a company; or
 - (iii) any other event which, in the opinion of the Exchange, impacts or may impact on an Option Contract in respect of the securities.
- (b) Where any Corporate Action occurs with respect to the securities, or which affects securities which are the subject of an Option Contract, the Exchange, in its absolute discretion, may, but shall not be obliged to, determine:
 - (i) to make adjustments to the size of the lot the subject of an option and/or to the exercise price of such option; or

- (ii) to vary, substitute or remove any of, or add to, these Contract Rules to make provision for the effect of such Corporate Action. Any such variation, substitution, removal or addition may, without limitation, be made to make provision for securities, other than the securities originally the subject of the Option Contract, or one or more entitlements pertaining to the securities, or a cash amount to be transferred in addition to or in substitution for some or all of such securities to form the subject of a lot.
- (c) Any adjustment, variation, substitution or removal of or addition to these Contract Rules determined upon under Rule KKKKK.17(b) will be determined in accordance with the policy of the Exchange from time to time in relation to Corporate Actions unless the Exchange, in its absolute discretion, determines otherwise. The Exchange's policy relating to Corporate Actions will be published from time to time by means of one or more notices posted on the Market. Any adjustment, variation, substitution, removal of or addition to these Contract Rules made under this Rule KKKKK.17 shall be published by means of one or more notices posted on the Market and shall have such effect with regard to existing and/or new Contracts as the Exchange may determine.

KKKKK.18 SECURITY SUSPENSION OR TERMINATION³

- (a) In this Rule KKKKK.18, "suspended securities" and "delisted securities" shall mean securities which are the subject of a suspension or termination of dealings or securities which have been suspended or withheld from settlement through the Relevant Settlement System.
- (b) If dealings in securities the subject of an Option Contract or of a Delivery Contract arising on the exercise of an option are suspended or prohibited by the Relevant Stock Exchange or are otherwise not permitted to be made under Stock Exchange Rules ("suspension or termination of dealings") or securities the subject of an Option Contract or Delivery Contract are otherwise suspended or delisted securities, any such Option Contract or Delivery Contract, as the case may be, shall be performed in accordance with this Rule KKKKK.18 and otherwise in accordance with these Contract Rules and the Administrative Procedures.
- (c) A Buyer may submit an Exercise Notice in respect of an option in accordance with Rule KKKKK.6 or Rule KKKKK.6A and the Clearing House may exercise an option against a Seller in accordance with Rule KKKKK.7, notwithstanding that the securities the subject of the option are suspended securities.
- (d) Subject to Rule KKKKK.18(e), securities which are the subject of suspension or termination of dealings which are required to be delivered in respect of a Delivery Contract shall be delivered through the Relevant Settlement System on the Settlement Day in accordance with these Contract Rules.
- (e)
 - (i) If settlement of suspended or delisted securities the subject of a Delivery Contract cannot be made on or after the Settlement Day for such Contract through the Relevant Settlement System, such securities shall be delivered in accordance with any instructions which may be given by the Clearing House, which shall be final and binding, save that where the Exchange determines that such Delivery Contract shall be invoiced back, such Contract shall be invoiced back at a price fixed by the Exchange in consultation with the Clearing House. It shall not, subject to Rule KKKKK.16(e)(iv)(C), be an event of default under these Contract Rules if settlement of suspended or delisted securities is not effected on the Settlement Day, but failure by the Delivery Seller or the Delivery Buyer to comply or ensure compliance with any instructions given by the Clearing House under this Rule KKKKK.18(e)(i) shall constitute a default under Rule KKKKK.19(a) by such Delivery Seller or, as the case may be, such Delivery Buyer.
 - (ii) The Exchange's determination under paragraph (i) of this Rule KKKKK.18(e) shall be final and binding and shall be published by means of a notice posted on the Market.

³ Amended 19 December 2015

KKKKK.19 DEFAULT

- (a) The Buyer or the Seller or the Delivery Buyer or the Delivery Seller, as the case may be, shall be in default where:
- (i) he fails to fulfil his obligations under a Contract by the time and in the manner prescribed and in accordance with these Contract Rules, the Regulations and the Administrative Procedures;
 - (ii) he fails to pay any sum due to the Clearing House in respect of a registered Contract by the time specified in these Contract Rules and the Administrative Procedures;
 - (iii) in respect of ICE Futures Equity Related Securities (Flexible) Options Contracts (Physical Delivery), the “bad delivery” rules or any other rules set forth in the Relevant Settlement System Rules are invoked with respect to the transfer of securities to the Clearing House by the Transferor appointed by the Delivery Seller to make such transfer or in respect of the transfer of securities by the Clearing House to the Transferee appointed by the Delivery Buyer to accept such transfer which may lead or leads to the reversal of one or more transfers of securities; or
 - (iv) in the reasonable opinion of the Clearing House he is otherwise in default under a Contract.

For the avoidance of doubt, the Delivery Seller shall be held to be in default if the “bad delivery” or such other rules referred to in paragraph (iii) of this Rule KKKKK.19(a) are invoked with respect to the transfer of securities by the Transferor to the Clearing House or the transfer of securities by the Clearing House to the Transferee and notwithstanding that the Delivery Seller may not be responsible for any circumstance which leads to such “bad delivery” or such other rules being invoked.

- (b) Obvious clerical errors in any notice to be given hereunder and which can be readily rectified shall not be treated as constituting a default.
- (c) Notwithstanding a default under Rule KKKKK.19(a), the Clearing House may in its absolute discretion determine not to exercise or to delay in exercising any of its rights under Rule KKKKK.20, and no failure by the Clearing House to exercise nor any delay on its part in exercising any of such rights shall operate as a waiver of the Clearing House’s rights upon that or upon any subsequent occasion, nor shall any single or partial exercise of such rights prevent any further exercise thereof or of any other right.

KKKKK.20 EFFECT OF DELIVERY DEFAULT

- (a) The provisions of Rules KKKKK.20(b) to KKKKK.20(e) inclusive shall be subject to the default rules from time to time in force of the Clearing House.
- (b) If there appears to the Clearing House to be a default by the Buyer or the Seller or the Delivery Buyer or the Delivery Seller, as the case may be, under Rule KKKKK.19(a) in respect of any lot comprised in a registered Contract the Clearing House may take such steps as it deems appropriate to facilitate a mutually acceptable resolution of the default:
- (i) where the Buyer or the Delivery Buyer appears to be in default, between such Buyer and the Clearing House; or
 - (ii) where the Seller or the Delivery Seller appears to be in default, between such Seller and the Clearing House.
- (c) (i) In addition to any steps taken under Rule KKKKK.20(b) the Clearing House may, if it appears to it that a Clearing Member as Seller (or as Delivery Seller) or a Clearing Member as Buyer (or as Delivery Buyer) is in default under Rule KKKKK.19(a), in its sole discretion take any steps whatsoever which may appear desirable to the Clearing House for the protection of the Clearing House or of a Seller (or Delivery Seller) or Buyer (or Delivery Buyer) not in default including, without prejudice to the generality of the foregoing, the steps referred to in paragraph (ii) or (iii)

below. Any action taken by the Clearing House pursuant to this Rule KKKKK.20 or Rule KKKKK.16(e) shall be without prejudice to any rights, obligations or claims of a Buyer (or a Delivery Buyer), a Seller (or a Delivery Seller), or the Clearing House and any costs, claims, losses, taxes or expenses of whatsoever nature suffered or incurred by the Clearing House in connection with taking such action or such default (or, without limitation, following the “bad delivery” or such other rules referred to in paragraph (iii) of Rule KKKKK.19(a) being invoked) shall be paid by the Buyer or the Seller (or the Delivery Buyer or the Delivery Seller, as the case may be) in default.

- (ii) Where a Delivery Buyer appears to be in default under Rule KKKKK.19(a) the Clearing House may take steps pursuant to paragraph (i) of this Rule KKKKK.20(c) to sell any or all of the securities delivered to it by a Transferor at such time and place and in such manner and on such terms as may to the Clearing House seem fit. Where the price at which such securities are sold (the “Sale Price”) is less than the amount due but unpaid by the Delivery Buyer to the Clearing House in respect of such securities (the “Unpaid Amount”), the difference between the Unpaid Amount and the Sale Price shall forthwith on demand be paid by the Delivery Buyer in default to the Clearing House. Where the Unpaid Amount is less than the Sale Price the difference between the Sale Price and the Unpaid Amount shall (if any remain after the deduction so far as possible of such sums as are payable by the Delivery Buyer to the Clearing House hereunder or otherwise) be retained by the Clearing House to the order of the Exchange. The Delivery Buyer in default shall forthwith on demand pay to the Clearing House any sums payable by the Delivery Buyer pursuant to paragraph (i) of this Rule KKKKK.20(c).
- (iii) Where a Delivery Seller appears to be in default under Rule KKKKK.19(a), or is treated as being in default under Rule KKKKK.16(e), or, without prejudice to the foregoing, paragraph (iii) of Rule KKKKK.19(a) applies and a step taken by the Clearing House pursuant to paragraph (i) of this Rule KKKKK.20(c) or Rule KKKKK.16(e) is to acquire securities at such time and place and in such manner and on such terms as the Clearing House thinks fit from a person other than the Delivery Seller in order to meet in whole or in part its obligations to a Delivery Buyer to make delivery of securities in respect of a Delivery Contract:
 - (A) if the total cost incurred by the Clearing House in acquiring securities, including for the avoidance of doubt the cost of any purchase of securities by the Clearing House in order to fulfil any obligations under the arrangements it has made to acquire the securities (the “Acquisition Cost”), is greater than the amount which would have been payable by the Clearing House to the Transferor in respect of the securities to have been delivered to it by the Transferor (or which, but for the application of the “bad delivery” or such other rules referred to in paragraph (iii) of Rule KKKKK.19(a) had purportedly been delivered to it by the Transferor), the Delivery Seller shall forthwith on demand pay the amount of such difference to the Clearing House; or
 - (B) if the Acquisition Cost is less than the amount which would have been payable by the Clearing House as referred to in sub-paragraph (A) above, the amount of such difference shall (if any remain after the deduction so far as possible of such sums as are payable by the Delivery Seller to the Clearing House under sub-paragraph (C) below or otherwise) be retained by the Clearing House to the order of the Exchange; and
 - (C) if the Delivery Seller delivers or attempts to deliver securities to the Clearing House under a Delivery Contract after the Settlement Day, the Clearing House shall be entitled to reject such attempted or actual delivery, or shall be entitled to sell any securities which are so delivered, as it sees fit, if the Clearing House has made alternative arrangements to acquire securities for delivery to the Delivery Buyer; and
 - (D) the Delivery Seller shall forthwith on demand pay to the Clearing House any sums payable by the Delivery Seller pursuant to paragraph (i) of this Rule KKKKK.20(c).

- (iv) Any step taken by the Clearing House pursuant to paragraph (i), (ii) or (iii) of this Rule KKKKK.20(c) shall be without prejudice to the rights of any party to refer a dispute to arbitration.
- (d) Without prejudice to its rights under Rules KKKKK.20(b) and KKKKK.20(c), the Clearing House may refer to the Exchange any dispute or issue arising between the parties referred to in paragraph (i) or (ii) of Rule KKKKK.20(b) as a result of a default by a Seller (or Delivery Seller) or by a Buyer (or Delivery Buyer) under Rule KKKKK.19(a). If, upon such reference, the Exchange is of the opinion that the default is of minor significance it shall determine any such dispute or issue upon such evidence as it may deem relevant and convey its findings to the Buyer and the Seller or the Delivery Buyer and the Delivery Seller, as the case may be, who shall forthwith accept such determination and shall implement its terms without question, provided that such acceptance and implementation shall be without prejudice to the right of either party to refer the dispute or any related dispute to arbitration.
- (e) If no settlement has been reached pursuant to Rule KKKKK.20(b) and if no steps have been taken by the Clearing House pursuant to Rule KKKKK.20(c) and any dispute or issue between the parties referred to the Exchange under Rule KKKKK.20(d) is, in the opinion of the Exchange, not such as may be subject to determination under Rule KKKKK.20(d) then the Exchange in consultation with the Clearing House shall forthwith fix a price for invoicing back each option or Delivery Contract in respect of which the dispute or issue has arisen and each option or Delivery Contract, as the case may be, shall be invoiced back at that price. Such invoicing back price shall be final. Such price may at the Exchange's absolute discretion take account of any compensation that the Exchange may consider should be paid by any party save that where a dispute or issue has arisen in respect of a Contract between a Seller (or a Delivery Seller) and the Clearing House and a like dispute or issue has arisen in respect of a Contract between a Buyer (or Delivery Buyer) and the Clearing House which had been matched by the Clearing House with the Contract between the Seller (or the Delivery Seller) and the Clearing House, and the dispute or issue has in each case been referred to the Exchange under Rule KKKKK.20(d), the Exchange shall fix the same invoicing back price in respect of each Contract. Any such action taken by the Exchange under this Rule KKKKK.20(e) shall be without prejudice to the rights of any of the parties to refer any dispute to arbitration.

KKKKK.21 DAILY DELIVERY SETTLEMENT PRICE IN RESPECT OF ICE FUTURES EQUITY RELATED SECURITIES (FLEXIBLE) OPTIONS CONTRACTS (AMERICAN-STYLE EXERCISE, CASH SETTLEMENT)

- (a) A Daily Delivery Settlement Price will be determined by the Exchange on each market day and, subject to Rule KKKKK.21(c), shall be calculated by reference to the Daily Reference Price.
- (b) The Daily Delivery Settlement Price shall be calculated by the Exchange as the Daily Reference Price, adjusted where applicable in accordance with Rule KKKKK.21(c), and rounded to the nearest minimum price fluctuation or, where the Daily Reference Price is an exact uneven multiple of one half of the minimum price fluctuation, to the nearest higher minimum price fluctuation.
- (c) Where the Underlying Currency is different from the Relevant Currency, the Daily Reference Price shall be converted to the Relevant Currency by application of the conversion rate referred to in the List of Contract Details prior to rounding being carried out in accordance with Rule KKKKK.21(b).
- (d) If no Daily Reference Price is available in respect of an Expiry Day, the Exchange shall fix the Daily Delivery Settlement Price for such Contracts at a price determined by it, in its absolute discretion, as being consistent with cash market values of the securities the subject of such Contracts.
- (e) The Exchange may from time to time amend the method for and timing of the calculation of the Daily Delivery Settlement Price for any reason determined by the Exchange and any such changes shall have such effect with regard to existing and/or new Contracts as the Exchange may determine.

- (f) The Exchange shall publish the Daily Delivery Settlement Price at or by such times as may be specified in the Administrative Procedures. The Daily Delivery Settlement Price shall be final and binding for all purposes.

KKKKK.22 EXCHANGE DELIVERY SETTLEMENT PRICE ("EDSP") IN RESPECT OF ICE FUTURES EQUITY RELATED SECURITIES (FLEXIBLE) OPTIONS CONTRACTS (CASH SETTLEMENT)⁴

- (a) Subject to Rule KKKKK.22(c), the EDSP for Contracts for a particular Expiry Day shall be calculated by reference to the Expiry Reference Price.
- (b) The EDSP for Contracts for a particular Expiry Day shall be calculated by the Exchange as the Expiry Reference Price, adjusted where applicable in accordance with Rule KKKKK.22(c), and rounded to the nearest minimum price fluctuation or, where the Expiry Reference Price is an exact uneven multiple of one half of the minimum price fluctuation, to the nearest higher minimum price fluctuation.
- (c) Where the Underlying Currency is different from the Relevant Currency, the Expiry Reference Price shall be converted to the Relevant Currency by application of the conversion rate referred to in the List of Contract Details prior to rounding being carried out in accordance with Rule KKKKK.22(b).
- (d) If no Expiry Reference Price is available in respect of an Expiry Day, the Exchange shall fix the EDSP for such Contracts at a price determined by it, in its absolute discretion, as being consistent with cash market values of the securities the subject of such Contracts.
- (e) The Exchange may from time to time amend the method for and timing of the calculation of the EDSP for any reason determined by the Exchange and any such changes shall have such effect with regard to existing and/or new Contracts as the Exchange may determine.
- (f) The Exchange shall publish the EDSP at or by such time as is specified in Rule LLLLL. The EDSP shall be final and binding for all purposes.

KKKKK.23 SETTLEMENT AMOUNT AND PAYMENT IN RESPECT ICE FUTURES EQUITY RELATED SECURITIES (FLEXIBLE) OPTIONS CONTRACTS (CASH SETTLEMENT)

- (a) The settlement amount in respect of an option exercised under Rule KKKKK.6, Rule KKKKK.6A or Rule KKKKK.7, as applicable, shall be:
 - (i) in the case of a call option, the amount by which the EDSP (if exercised on the Expiry Day) or the Daily Delivery Settlement Price (if exercised on any other day) exceeds the exercise price; or
 - (ii) in the case of a put option, the amount by which the exercise price exceeds the EDSP (if exercised on the Expiry Day) or the Daily Delivery Settlement Price (if exercised on any other day).
- (b) The settlement amount shall be paid by a Seller to the Clearing House by the time on the Settlement Day specified for this purpose in the Administrative Procedures and the Clearing House shall pay the settlement amount to the Buyer on the same day.

KKKKK.24 FORCE MAJEURE

- (a) Subject to Rules KKKKK.16(h)(ii) and KKKKK.24(b) and any steps taken at any time by the Exchange under emergency powers in the Regulations, in the event of a Seller or a Buyer or a Delivery Seller or a Delivery Buyer, as the case may be, being prevented from performing his obligations in respect of any lot comprised in a Contract by the due time therefor by any cause beyond his reasonable control (other than in circumstances to which Rule KKKKK.18 applies) including, without limitation,

⁴ Amended 12 December 2014

any act of God, strike, lockout, war, armed conflict, use of force by authority of the United Nations, fire, riot or civil commotion, combination of workmen, act of terrorism, breakdown of machinery, unavailability or restriction of computer or data processing facilities or energy supplies or bank transfer systems such lot shall be invoiced back at a price to be fixed by the Exchange in consultation with the Clearing House.

- (b) In the event of a Buyer being prevented from exercising an option on the Expiry Day and by the time for expiry thereof, as specified for that purpose in the Administrative Procedures by any event beyond his reasonable control including, without limitation, any of the circumstances specified in Rule KKKKK.24(a):
- (i) the Buyer may give written notice to the Exchange specifying the option or, if more than one, the options which the Buyer was prevented from exercising, the steps taken by the Buyer to exercise an option and the events which prevented him from so doing. Any such notice shall be given to the Exchange as soon as is practicable after the time of expiry of an option specified in the notice and in any event no later than 10.00 hours on the market day following the Expiry Day. The Exchange shall notify the Clearing House that it has received a notice from the Buyer under this Rule KKKKK.24(b)(i) forthwith upon receipt of such notice; and
 - (ii) if the Exchange is satisfied that the Buyer took all possible steps in the circumstances prevailing to exercise an option, the Exchange shall request the Clearing House to notify it of details of one or more options between a Seller and the Clearing House which are on the same terms (except as to the parties or the option price) as, and have been matched by the Clearing House with, the option or options specified in the Buyer's notice and shall fix a price for invoicing back. Each option the subject of the Buyer's notice and each option between the Clearing House and a Seller notified to the Exchange hereunder shall be invoiced back at such price, notwithstanding that such options have expired under Rule KKKKK.8. Such price may at the Exchange's absolute discretion take into account the Exchange's assessment of the intrinsic value at the expiry thereof of such options.

KKKKK.25 [NOT USED]

KKKKK.26 [NOT USED]

KKKKK.27 [NOT USED]

KKKKK.28 [NOT USED]

KKKKK.29 [NOT USED]

KKKKK.30 STATEMENT IN RELATION TO EDSP PRICE FORMATION

- (a) The Exchange draws the following statement to the attention of potential users of its ICE Futures Equity Related Securities (Flexible) Options Contracts. Members should ensure that their clients are made aware of the statement.

“Statement in relation to ICE Futures Equity Related Securities (Flexible) Options Contracts (the “Contracts”)

Potential users of the Contracts made available on ICE Futures Europe should familiarise themselves with the relevant Contract Rules. Potential users should also assess for themselves, or take professional advice in relation to, the risks inherent in any such investment, and in particular those having possible impact on a Contract's pricing or value.

These include:

- (i) whether or not there is a relevant listing authority (UK or otherwise) which imposes obligations in relation to certain aspects of corporate behaviour or disclosure; and
- (ii) where a Contract is cash settled, possible influences on price formation in the underlying cash market which might affect the reference price used for settling the Contract, as explained below.

Price formation leading to the “EDSP” (as defined in the relevant Contract Rule) for the cash-settled Contracts is subject to similar influences to those in the case of many other cash-settled contracts. Trading activity on the relevant stock market during the EDSP period is likely to be affected by the activity of particular market participants who are seeking to obtain price convergence at the EDSP between offsetting security and derivatives positions. Such participants might typically seek to achieve this by unwinding their securities positions during the EDSP period at prices which will, in turn, be used to determine the final EDSP. A consequence of this concentrated activity might be that the final EDSP differs from the security’s price immediately prior to the commencement of the EDSP period and, if relevant, from the security’s price immediately following that period.

Potential users should, therefore, consider the risks of holding positions into the expiry of the cash-settled Contracts. In particular, they should consider their exposure to potentially unfavourable price movements in the expiry and whether to take steps to neutralise such exposure; for example, taking into account that there may be relatively limited liquidity provision, whether to “roll” or close positions prior to expiry.

See Rule I.25 of the ICE Futures Europe Regulations for additional risk disclosures.”

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CONTRACT RULES: ICE FUTURES EQUITY RELATED SECURITIES
(FLEXIBLE) OPTIONS CONTRACTS
