

## **LONDON NOTICE No. 2942**

Equivalent Notices are being issued to members of all Liffe markets.

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EFFECTIVE DATE 1 October 2007

### **HARMONISED POLICY FOR TRADE INVALIDATIONS: AMENDMENTS TO TRADING PROCEDURES**

#### **Executive Summary**

The purpose of this Notice is to advise members of the new harmonised policy for the treatment of trade invalidations and of the associated amendments to the Trading Procedures.

#### **1. Introduction**

- 1.1 London Circular No. 06/08, issued on 14 March 2006, commenced a process of consultation, inviting members to comment on a proposed harmonised policy for the treatment of Aberrant and Erroneous trades. Responses were received from a number of members as well as four trade associations who, together, represented a broad spectrum of Liffe members. Each response has been considered carefully and, although the overall feedback was generally in agreement with the proposed policy, the proposals in Circular No. 06/08 have been revised to accommodate members' views, where it has been practicable to do so.
- 1.2 This Notice details the resulting policy in full and sets out the associated amendments to the Trading Procedures. The Trading Procedures, and thereby the new policy for trade invalidations, shall come into effect on and from **Monday 1 October 2007**.
- 1.3 For the purposes of describing the harmonised policy, Liffe uses the terms "Aberrant trades" and "Erroneous trades" as follows:
  - (a) Aberrant trades – trades which Liffe regards as having caused or contributed to a material price distortion or which have otherwise temporarily undermined the orderliness of the market, whether or not there has been an error in executing such trades<sup>1</sup>; and

<sup>1</sup> The definition of an Aberrant trade does not encompass exceptionally large volume trades except in instances where the execution of such a trade results or contributes to a material price distortion or undermines the orderliness of the market.

Web site: [www.euronext.com/derivatives](http://www.euronext.com/derivatives)

The **Euronext Derivatives Markets ("Liffe")** comprise the markets for derivatives operated by Euronext Amsterdam, Euronext Brussels, Euronext Lisbon, Euronext Paris and LIFFE Administration and Management, referred to respectively as the Amsterdam, Brussels, Lisbon, Paris and London markets. Euronext is part of the NYSE Euronext group.

- (b) Erroneous trades – trades where an error has been made by one or other party to the trade but which have not caused or contributed to a material price distortion or disorderly market conditions.

## 2. Background

- 2.1 The Liffe markets operate on the fundamental premise that valid acceptance of a valid bid or offer makes a Transaction between the members concerned and that Transactions are firm and binding. The certainty of trade that these arrangements provide is central to the smooth operation of the markets and the confidence that market participants have in them.
- 2.2 The arrangements for ensuring certainty of trade are complemented by a range of measures which are designed to limit the occurrence of both Aberrant and Erroneous trades. Such measures include LIFFE CONNECT®'s dynamic price limit functionality, as well as Liffe's procedures and guidance concerning pre-trade risk management and members' systems and controls for managing order submission. Members' systems and controls for managing order submission are especially important in relation to the prevention of "fat finger" volume errors which, if submitted to the Central Order Book, could give rise to Aberrant trades.
- 2.3 Notwithstanding the importance of such preventive measures, no set of measures could prevent all Aberrant and Erroneous trades without unacceptably restricting the legitimate trading practices of market participants and frustrating normal trading activity. Liffe therefore continues to believe that preventive measures should be supported by effective remedial measures which, where necessary and appropriate, can be used to invalidate Aberrant and Erroneous trades.

The policy covers the following two types of trade invalidation:

- (a) invalidations determined by Liffe (for Aberrant trades); and
- (b) invalidations at a member's request (for Erroneous trades)

## 3. New harmonised policy

- 3.1 Liffe recognises members' desire for simplicity, consistency and certainty about when a trade will be invalidated. The policy therefore seeks to achieve a transparent and coherent approach in relation to Aberrant and Erroneous trades across all Liffe markets which, first and foremost, ensures that intervention by Liffe is **kept to a minimum** but that, where intervention is deemed necessary, the policy provides as much objectivity in relation to trade invalidation decisions as possible. Nevertheless, Liffe must reserve the right to exercise its judgement in light of its regulatory obligation to maintain fair and orderly markets.<sup>2</sup>
- 3.2 The new policy is described in more detail in sections 4 and 5 below. It builds on the approaches already employed by the individual Liffe markets and takes into account the responses to the consultation exercise conducted under cover of London Circular No. 06/08 (including amendment to the proposed policy as a result of those responses, where practicable). The fundamental principle underlying the policy is that trades should be allowed to stand and the market be allowed to operate without intervention by Liffe, except where exceptional circumstances dictate otherwise. As such, the policy broadly comprises the following:

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<sup>2</sup> It is recognised that any action taken by an exchange in fulfilment of its regulatory obligations (including trade invalidation by the exchange) may be advantageous for some members and disadvantageous for others.

- (a) the continued use of price limits to prevent the vast majority of Aberrant trades (and certain Erroneous trades), thereby limiting the need for intervention by Liffe;
- (b) an explicit “value range” for each contract, implemented as the price limit range for the contract/month concerned, within which Liffe would not invalidate trades or orders;
- (c) notwithstanding paragraph 3.2(b), a power for Liffe to use in exceptional circumstances in which the value range for the contract concerned temporarily fails to reflect the contract’s fair value (as exemplified in section 4.1 below). In such exceptional circumstances, Liffe would be able to invalidate Aberrant trades, or orders which may give rise to Aberrant trades if executed, irrespective of whether such a trade (or order) fell within or outside the contract’s current value range and, in so doing, exercise its discretion in order to fulfil its obligation to maintain fair and orderly markets; and
- (d) for all options contracts and specified futures trades only, an ability for members to apply within a set time period for Erroneous trades (i.e. trades where an error has been made but which have not caused or contributed to a material price distortion or disorderly market conditions), to be cancelled by mutual consent of the members concerned.

#### **4. Trade invalidation determined by Liffe (Aberrant trades)**

4.1 In practice, trades should only be able to occur at an unrepresentative price when:

- (a) price limits are not operational; or
- (b) price limits temporarily fail to reflect fair value.

In relation to (b) above, price limits fail to reflect fair value only under exceptional circumstances. The following two such circumstances were identified to members in Circular No. 06/08 as part of the consultation process:

- (i) *Market “Spike”* – this scenario may occur in the most active (“blue”) month of a liquid futures contract with orders resting at multiple price levels (i.e. “at depth”) within the order book. In these circumstances, an unusually large incoming sell order (for instance) could trade with the best bid and then with lower bids through the depth of the order book, whereby the price limit range will follow the traded prices as they track lower (as it is designed to do). At the same time, the price limit sleeve which governs order entry in all other contract months will similarly track lower, in order to maintain spread relationships with the blue month. In such an event, price limits may be moving too quickly for traders to be able to react in time with counterbalancing orders to ensure price formation and stabilisation at a more appropriate level; and
- (ii) *Low Value Options* - given that the options theoretical pricing model operates on the basis of a number of points either side of the fair value mid-price, it can occasionally result in a wide range for certain multi-legged strategies e.g. butterflies, ladders etc. Where such a strategy is being traded at a low value, the outer limits of the price limit range may be significantly greater or less than a fair value for the trade.

Liffe has also identified another example of an exceptional circumstance:

- (iii) *Loss of feed* – for options price limits, a fault in the incoming pricing model feed could result in the limits being set at an incorrect level.
- 4.2 Whilst extremely rare, all three of these examples illustrate situations where price limits could temporarily fail to reflect fair value, which might give rise to the need for intervention by Liffe in order to maintain an orderly market. Where, in such circumstances, Liffe needs to determine a fair value for the contract/month concerned, it may take into account one or both of the following:
- (a) bids/offers/trades, as applicable which occurred prior to and/or following the trade in question in the contract concerned, in either the same or a different contract/expiry month or series; and
  - (b) information regarding price movements in related markets.
- 4.3 In instances where the Exchange determines that invalidation is necessary, it will inform the relevant member(s) as soon as possible that a trade has been invalidated or, in the case of complex invalidations, that it intends to perform invalidations of trades within a certain price range or time period. The invalidation itself will then take place as quickly as possible after the execution of the trade. Whilst, in practice, members will be informed of invalidations almost immediately, the Exchange commits to a worst-case time limit of the close of business for invalidations which have occurred while the market is open, or a worst-case time limit of before the start of trading on the following trading day for invalidations which have occurred after the close of trading.
- 4.4 Where the Exchange determines that one leg of a strategy trade has taken place at an unrepresentative price, the invalidation will be dealt with in accordance with the current (unharmonised) approach i.e. for contracts traded on the Amsterdam and Paris markets, only the leg traded at an unrepresentative price will be invalidated whereas for contracts traded on the Brussels, Lisbon and London markets, the entire strategy will be invalidated.
- 4.5 The current price limits (and thus the value ranges) for each Liffe contract are set out in Attachment 1 to this Notice. Intra day changes to the ranges are relayed to members by way of text messages via the front-end trading applications. In addition, the full price limit schedule will be made available on the Liffe website at :

[www.euronext.com/tools/documentation/wide/documents-2399-EN.html](http://www.euronext.com/tools/documentation/wide/documents-2399-EN.html) and updates will be made on a periodical basis.

## **5. Trade invalidations at a Member's request (Erroneous trades)**

- 5.1 The approach to invalidations at a member's request, otherwise known as the Mutual Consent Cancellation Facility, will be retained in a form which is generally similar to that which currently exists and will be available for options contracts only, subject to paragraph 5.4 below.
- 5.2 Where a member has executed an Erroneous trade, he will have a maximum of 30 minutes from the time of execution within which he may contact Market Services to request an invalidation. If the relevant counterparty/ies then agree when contacted by Market Services, the trade/trades in question may be invalidated, or partially invalidated, as the case may be. Details of any invalidations will then be broadcast to members via their front-end trading applications.

- 5.3 Due to a number of concerns expressed by retail brokers in response to London Circular No. 06/08, the planned €250 fee for such invalidations will **not** be applied, subject to paragraphs 5.6 and 5.7 below.
- 5.4 In response to member comment, Liffe has determined that, notwithstanding the restriction to options contracts only, an exception will be made for futures contracts which are executed as cross transactions or as wholesale trades. This is because, as explained in London Circular No. 06/08, the primary reason for excluding futures contracts from the Mutual Consent Cancellation Facility is that the effects of features such as implied pricing and pro-rata trading can mean that a single futures order could give rise to a large number of trades involving a significant number of counterparties. Thus, it becomes impractical for Market Services to contact each and every counterparty to a futures trade. Since this difficulty does not apply to futures cross transactions or wholesale trades, where one member is both buyer and seller and no other counterparties are involved, Liffe has determined to allow Mutual Consent Cancellation for such trades, subject to paragraphs 5.6 and 5.7 below.
- 5.5 In practice, this means that a member who has executed an Erroneous cross transaction or has received authorisation from Market Services for an Erroneous wholesale trade may contact Market Services within 30 minutes of the time of execution/authorisation, as the case may be, to request that the trade be invalidated.
- 5.6 In respect of **all** types of eligible trade referred to in this section 5 which are the subject of a request for a Mutual Consent Cancellation, members are advised that the facility is designed **only for the correction of genuine Erroneous trades**. Requests may therefore be subject to scrutiny by staff in Market Services, who may request from the relevant member(s) any supporting documentation for the request. Furthermore, processing of such a request will be conducted at Liffe's absolute discretion. Members are also advised that authorisation of a Mutual Consent Cancellation request does not preclude Liffe from investigating the circumstances of the request or of the relevant trade(s) retrospectively in the event that abuse of the facility is suspected.
- 5.7 Use of the facility will be reviewed and, in the event of perceived "frivolous" or unwarranted use, action may be taken to amend or remove the facility or to introduce a fee for invalidations.

## **6. Revised Liffe Trading Procedures**

- 6.1 Amendments to the Trading Procedures to accommodate the new policy are set out in Attachment Two to this Notice. In summary, these consist of:
- (a) a revised section 3.5 of Part One (Harmonised Trading Procedures) which outlines the common parts of the harmonised policy for all Liffe markets;
  - (b) a revised section Lo. 12 of Part Two for the non harmonised provision outlined in section 4.4 of this Notice; and
  - (c) a minor contextual amendment, moving the provision previously at Trading Procedure 3.5.1 of Part One to new Trading Procedure 3.2.11, but with no amendment to its meaning.

6.2 The revised Liffe Trading Procedures will appear on the Liffe website ([www.euronext.com](http://www.euronext.com)) in due course.

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### Proposed Value Ranges

Value Ranges are expressed as a number of ticks from the indicative market price. For instance, a value range of “10” for blue month Euribor Futures indicates a limit bid which is ten ticks away from the mid-price and a limit offer which is ten ticks away from the mid-price.

### Futures

Contract	Outright Blue Month	Outright Serial Months	Outright Quarterly Months	Strategy
Three Month Euro (Euribor) Futures	10	3	5 ticks for first 8 quarterlies, except the blue month, 7 ticks thereafter	Serials 1 tick, 2 ticks for first 8 quarterlies, 3 ticks thereafter
Three Month Eurodollar Futures	10	3	5 ticks for first 8 quarterlies, except the blue month, 7 ticks thereafter	Serials 1 tick, 2 ticks for first 8 quarterlies, 3 ticks thereafter
Three Month Sterling (Short Sterling) Futures	10	3	5 ticks for first 8 quarterlies, except the blue month, 7 ticks thereafter	Serials 1 tick, 2 ticks for the first 8 quarterlies, 3 ticks thereafter
Three Month Euro Swiss Franc (EuroSwiss) Futures	10	N/A	5 ticks for first 4 quarterlies, except the blue month, 7 ticks thereafter	2 ticks for first 4 months, 3 ticks thereafter
Contract	Outright All Months			Strategy
Long Gilt Futures	50 ticks during pre-open, 15 ticks after open			7
One-Month Eonia-Indexed Future	7			3
Japanese Government Bond (JGB) Futures	50 ticks during pre-open, 15 ticks first bid/offer or trade			7
Three Month Euroyen (Tibor) futures	5			2
Two-Year Euro Swapnote® Futures	20			10
Five-Year Euro Swapnote® Futures	20			10
Ten-Year Euro Swapnote® Futures	20			10

<b>Contract</b>	<b>Outright All Months</b>	<b>Strategy</b>
Two-Year \$Swapnote® Futures	50	5
Five-Year \$ Swapnote® Futures	50	10
Ten-Year \$ Swapnote® Futures	50	10
MTS Germany 7-10Y Bond Index Future	15	7
MTS France 7-10Y Bond Index Future	15	7
MTS Italy 7-10Y Index Bond Future	15	7
EuroMTS 7-10Y Bond index Future	15	7



## Indices

Indices	Outright	Strategy
FTSE 100 Index Future	50 (can be more) ticks during pre-open, 15 ticks after open	6
MSCI Pan-Euro Index Future	15	10
MSCI Euro Index Futures	15	10
FTSE Eurotop 100 Index Futures	15	7
FTSE 250 Index Futures	50	10
FTSEurofirst 80 Index Futures (Paris)	30 ticks during pre-open, 15 ticks there after	7
FTSEurofirst 100 Index Futures (Paris)	30 ticks during pre-open, 15 ticks there after	7
US Dollar/Euro futures	1	1
Euro/US Dollar futures	1	1
AEX® Index Futures	During pre-open limits are set to 1.5% of the current futures price. Limits are then 1% of futures price after open.	3
AEX® LIGHT Index Future	1% of futures price	0.15
BEL 20 Index Futures	40	15
PSI20 Index Future	30	15
CAC® 40 Index Futures	30 (can be more) ticks during pre-open, 15 ticks after open	6

## Universal Stock Futures Spain

	Outright	Strategy
<b>Albertis Infraestructuras</b>	0.300	0.150
<b>Altadis</b>	0.450	0.225
<b>Banca Bilbao</b>	0.300	0.150
<b>Banca De Sabadell</b>	0.200	0.100
<b>Banco Popular</b>	0.300	0.150
<b>Banco Santander</b>	0.300	0.150
<b>Compania Espanola</b>	0.600	0.300
<b>Endesa</b>	0.450	0.225
<b>Gas Natural</b>	0.450	0.225
<b>Iberdola</b>	0.450	0.225
<b>Industria de Diseno</b>	0.450	0.225
<b>Repsol</b>	0.450	0.225
<b>Telefonica</b>	0.300	0.150
<b>Union Fenosa</b>	0.450	0.225

## Commodities

<b>Commodities</b>	<b>Outright</b>	<b>Strategy</b>
Cocoa Futures (front 5 months)	30 ticks during pre-open, 10 ticks after open	6
Cocoa Futures (back 5 months)	30 ticks during pre-open, 15 ticks after open	6
White Sugar Futures	5	5
Raw Sugar Futures	0.25	0.08
Robusta Coffee Futures (Blue month + any preceding month)	30 ticks during pre-open, 25 ticks after open	6
Robusta Coffee Futures (Back months)	30 ticks during pre-open, 15 ticks after open	6
Future Mais (Corn Futures)	4	2
Colza En Euro (Rapeseed Futures)	4	2
Rapeseed Oil Futures	10	5
BLE De Meunerie En Euro (Milling Wheat Futures)	6 ticks during pre-open, 4 ticks after open.	2

## Universal Stock Futures

### France

	Outright	Strategy
Accor	0.600	0.300
Air Liquide	1.500	0.750
Alcatel	0.300	0.150
Arcelor	0.450	0.225
Assurances	0.450	0.225
AXA	0.450	0.225
BNP	0.600	0.300
Bouygues	0.600	0.300
Carrefour	0.600	0.300
Compagnie de St Gobain	0.600	0.300
Credit Agricole	0.450	0.225
European Aero	0.300	0.150
France Telecom	0.300	0.150
Groupe Danone	0.600	0.300
Lafarge	1.500	0.750
Lagardere	0.600	0.300
L'Oreal	0.600	0.300
LVMH	0.600	0.300
Pernod Ricard	1.500	0.750
Peugeot	0.600	0.300
PP	1.500	0.750
Renault	1.500	0.750
SSL	0.600	0.300
Schneider	1.500	0.750
Soc Gen	1.500	0.750
Societe Television	0.450	0.225
Sodexo	0.600	0.300
Suez	0.450	0.225
Total	0.600	0.300
Vivendi	0.450	0.225

### Germany

	Outright	Strategy
Allianz	1.500	0.750
BASF	0.600	0.300
Bayer AG	0.600	0.300
BMW	0.600	0.300
Commerzbank	0.450	0.225
Daimler Chrysler	0.600	0.300
Deutsche Bank	1.500	0.750
Deutsche Post	0.300	0.150
Deutsche Telecom	0.300	0.150
E.On	1.500	0.750
Hypo Real	0.300	0.150
Infineon Technologies	0.300	0.150
Metro	0.600	0.300
Munchener	1.500	0.750
Porsche	4.000	2.000
RWE	0.600	0.300
SAP	0.450	0.225
Siemens	0.450	0.225
ThyssenKrupp	0.450	0.225
Volkswagen	1.500	0.750

**Universal Stock Futures**  
**Portugal**

	Outright	Strategy
<b>Banco Commercial</b>	0.200	0.100
<b>Banco BPI</b>	0.200	0.100
<b>Brisa Autoestradas</b>	0.300	0.150
<b>Energias de Portugal</b>	0.200	0.100
<b>GALP Energia</b>	0.300	0.150
<b>Portugal Telecom</b>	0.300	0.150
<b>PT Multimedia</b>	0.300	0.150
<b>Rede Electrica</b>	0.200	0.100
<b>Sonae</b>	0.200	0.100
<b>Sonaecom</b>	0.200	0.100

**Switzerland**

	Outright	Strategy
<b>Compagnie Financiere</b>	0.60	0.30
<b>Credit Suisse</b>	0.60	0.30
<b>Nestle</b>	2.00	1.00
<b>Novartis</b>	0.30	0.60
<b>Roche Holding</b>	2.00	1.00
<b>Swiss Reinsurance</b>	1.50	0.75
<b>Swisscom</b>	2.00	1.0
<b>UBS</b>	0.60	0.30
<b>Zurich Financial</b>	2.00	1.00

## The Netherlands

	Outright	Strategy
ABN Amro	0.8	0.4
Aegon	0.5	0.25
Akzo Nobel	0.6	0.15
ASML Holding	0.35	0.1
DSM	1.2	0.6
Fortis	0.6	0.15
Heineken	0.6	0.15
ING	0.6	0.15
Koninklijke Ahold	0.15	0.15
Koninklijke KPN	1.0	0.5
Koninklijke Philips	0.15	0.15
Reed Elsevier	0.15	0.15
Rodamco Europe	2.5	1
Royal Dutch A shares	1.5	0.75
Royal Dutch B shares	1.5	0.75
TNT NV	0.8	0.2
Unilever NV	3	1
Wolters Kluwer	0.35	0.1

## USA

	Outright	Strategy
Amgen	1.5	0.35
AOL	0.15	0.07
Cisco	0.6	0.15
Citigroup	2	1
Exxon Mobil	1.25	0.3
Gen Elec	1.2	0.3
Intel	1	0.5
IBM	4	2
Johnson & Johnson	3	1.5
Merck	2.5	1.25
Microsoft	1.25	0.3
Pfizer	1.25	0.3
SBC Comms	1.5	0.75
Verizon	2	1
Wal Mart	1.5	0.35

**Universal Stock Futures**  
**Belgium & Scandinavia**

	Outright	Strategy
Danske Bank	2.0	1.0
Dexia	0.300	0.150
Ericsson	0.450	0.225
Hennes & Mauritz	2.000	1.000
Inbev	0.600	0.300
KBC Bankverzekering	1.500	0.750
Nokia	0.300	0.150
Nordea	1.500	0.750
Norsk Hydro	2.0	1.0
Novo Nordisk	4.0	2.0
Solvay	0.300	0.150
Statoil ASA	1.5	0.8
Stora Enso	0.300	0.150
Svenska Handelsbanken	1.500	0.750
Telia	0.600	0.300
UPM-Kymmene	0.300	0.150

**Italy**

	Outright	Strategy
Atlantia Spa	0.450	0.225
Assicurazioni Generali	0.450	0.225
Banca Intesa	0.200	0.100
Banco Popolare	0.300	0.150
Bulgari Spa	0.300	0.150
Capitalia	0.200	0.100
Enel	0.200	0.100
Eni	0.450	0.225
Fiat	0.300	0.150
Mediaset	0.200	0.100
Mediobanca	0.300	0.150
Mondadori (Arnaldo) Editore SpA	0.200	0.100
San Paolo (merged with Intesa)	0.200	0.100
Snam Rete Gas	0.200	0.100
STMicroelectronics	0.300	0.150
Telecom Italia	0.200	0.100
Telecom Italia (Savings)	0.200	0.100
Terna Spa	0.200	0.100
Unicredito Italiano	0.200	0.100

Price Limits* Financial Options				
<b>Three Month Euro (Euribor) Options</b>	For series having delta $\leq 14$ Base level $\pm 0.010$	For series having delta $>14 - \leq 30$ Base level $\pm 0.015$	For series having delta $>30 - \leq 64$ Base level $\pm 0.020$	For series having delta $>64 - \leq 100$ Base level $\pm 0.025$
<b>Three Month Euro (Euribor) Mid Curve Options</b>	For series having delta $\leq 14$ Base level $\pm 0.010$	For series having delta $>14 - \leq 30$ Base level $\pm 0.015$	For series having delta $>30 - \leq 64$ Base level $\pm 0.020$	For series having delta $>64 - \leq 100$ Base level $\pm 0.025$
<b>Three Month Sterling (Short Sterling) Options</b>	For series having delta $\leq 14$ Base level $\pm 0.010$	For series having delta $>14 - \leq 30$ Base level $\pm 0.015$	For series having delta $>30 - \leq 64$ Base level $\pm 0.020$	For series having delta $>64 - \leq 100$ Base level $\pm 0.025$
<b>Three Month Sterling (Short Sterling) Mid Curve Options</b>	For series having delta $\leq 14$ Base level $\pm 0.010$	For series having delta $>14 - \leq 30$ Base level $\pm 0.015$	For series having delta $>30 - \leq 64$ Base level $\pm 0.020$	For series having delta $>64 - \leq 100$ Base level $\pm 0.025$
<b>Three Month Eurodollar Options</b>	For series having delta $\leq 14$ Base level $\pm 0.010$	For series having delta $>14 - \leq 30$ Base level $\pm 0.015$	For series having delta $>30 - \leq 64$ Base level $\pm 0.020$	For series having delta $>64 - \leq 100$ Base level $\pm 0.025$
<b>Three Month Eurodollar Mid Curve Options</b>	For series having delta $\leq 14$ Base level $\pm 0.010$	For series having delta $>14 - \leq 30$ Base level $\pm 0.015$	For series having delta $>30 - \leq 64$ Base level $\pm 0.020$	For series having delta $>64 - \leq 100$ Base level $\pm 0.025$

\* The price limits are base limits which are applicable only to near dated options. A multiplier may be applied to price limits of longer dated options.

<b>Price Limits*</b> <b>Financial Options (Continued)</b>				
<b>Three Month Euro Swiss Franc (EuroSwiss) Options</b>	For series having delta ≤14 Base level +/- 0.015	For series having delta >14 - ≤30 Base level +/- 0.020	For series having delta >30 - ≤64 Base level +/- 0.025	For series having delta >64 - ≤100 Base level +/- 0.030
<b>Two-Year Euro Swapnote® Options</b>	For series having delta ≤14 Base level +/- 0.015	For series having delta >14 - ≤30 Base level +/- 0.020	For series having delta >30 - ≤64 Base level +/- 0.025	For series having delta >64 - ≤100 Base level +/- 0.030
<b>Five-Year Euro Swapnote® Options</b>	For series having delta ≤14 Base level +/- 0.015	For series having delta >14 - ≤30 Base level +/- 0.020	For series having delta >30 - ≤64 Base level +/- 0.025	For series having delta >64 - ≤100 Base level +/- 0.030
<b>Ten- Year Euro Swapnote® Options</b>	For series having delta ≤14 Base level +/- 0.015	For series having delta >14 - ≤30 Base level +/- 0.020	For series having delta >30 - ≤64 Base level +/- 0.025	For series having delta >64 - ≤100 Base level +/- 0.030
<b>Long Gilt Options</b>	For series having delta ≤14 Base level +/- 0.015	For series having delta >14 - ≤30 Base level +/- 0.020	For series having delta >30 - ≤64 Base level +/- 0.025	For series having delta >64 - ≤100 Base level +/- 0.030

\* The price limits are base limits which are applicable only to near dated options. A multiplier may be applied to price limits of longer dated options.



<b>Price Limits* Equity Options</b>				
<b>AEX® Index Options</b>	For series having delta $\leq 50$ Base level +/- 0.35	For series having delta $> 50 - \leq 75$ Base level +/- 0.50	For series having delta $> 75 - \leq 100$ Base level +/- 1.00	
<b>AEX® Index Weekly Options</b>	For series having delta $\leq 50$ Base level +/- 0.35	For series having delta $> 50 - \leq 75$ Base level +/- 0.50	For series having delta $> 75 - \leq 100$ Base level +/- 1.00	
<b>AEX® LIGHT Index Options</b>	For series having delta $\leq 75$ Base level +/- 0.50	For series having delta $> 75 - \leq 100$ Base level +/- 0.60		
<b>BEL20 Index Options</b>	For series having delta $\leq 14$ Base level +/- 6.25	For series having delta $> 14 - \leq 50$ Base level +/- 11.25	For series having delta $> 50 - \leq 100$ Base level +/- 15.00	
<b>CAC40® Index Options</b>	For series having delta $\leq 14$ Base level +/- 1.50	For series having delta $> 14 - \leq 30$ Base level +/- 4.00	For series having delta $> 30 - \leq 64$ Base level +/- 6.00	For series having delta $> 64 - \leq 100$ Base level +/- 8.00

\* The price limits are base limits which are applicable only to near dated options. A multiplier may be applied to price limits of longer dated options.

<b>Price Limits*</b> <b>Equity Options (Continued)</b>						
<b>CAC® 40 Master Unit Tracker Options</b>	For series having delta $\leq 14$ Base level $\pm 0.225$	For series having delta $>14 - \leq 30$ Base level $\pm 0.375$	For series having delta $>30 - \leq 64$ Base level $\pm 0.525$	For series having delta $>64 - \leq 100$ Base level $\pm 0.75$		
<b>Dow Jones EuroStoxxSM 50 Master Unit Tracker Options</b>	For series having delta $\leq 14$ Base level $\pm 0.225$	For series having delta $>14 - \leq 30$ Base level $\pm 0.375$	For series having delta $>30 - \leq 64$ Base level $\pm 0.525$	For series having delta $>64 - \leq 100$ Base level $\pm 0.75$		
<b>FTSE 100 Index Options</b>	For series having delta $\leq 10$ Base level $\pm 2.25$	For series having delta $>10 - \leq 25$ Base level $\pm 3.75$	For series having delta $>25 - \leq 40$ Base level $\pm 4.50$	For series having delta $>40 - \leq 55$ Base level $\pm 6.00$	For series having delta $>55 - \leq 70$ Base level $\pm 7.50$	For series having delta $>70 - \leq 100$ Base level $\pm 9.00$

\* The price limits are base limits which are applicable only to near dated options. A multiplier may be applied to price limits of longer dated options.

<b>Price Limits*</b> <b>Commodity Options (London)</b>				
<b>Cocoa Options</b>	For series having delta $\leq 14$ Base level +/- 6.00	For series having delta $>14 - \leq 30$ Base level +/- 8.00	For series having delta $>30 - \leq 64$ Base level +/- 10.00	For series having delta $>64 - \leq 100$ Base level +/- 12.00
<b>Feed Wheat Options</b>	For series having delta $\leq 14$ Base level +/- 0.60	For series having delta $>14 - \leq 30$ Base level +/- 0.80	For series having delta $>30 - \leq 64$ Base level +/- 1.00	For series having delta $>64 - \leq 100$ Base level +/- 1.20
<b>Raw Sugar Options</b>	For series having delta $\leq 14$ Base level +/- 0.0204	For series having delta $>14 - \leq 30$ Base level +/- 0.0306	For series having delta $>30 - \leq 64$ Base level +/- 0.0408	For series having delta $>64 - \leq 100$ Base level +/- 0.0612
<b>Robusta Coffee Options</b>	For series having delta $\leq 14$ Base level +/- 4.00	For series having delta $>14 - \leq 30$ Base level +/- 6.00	For series having delta $>30 - \leq 64$ Base level +/- 8.00	For series having delta $>64 - \leq 100$ Base level +/- 12.00
<b>White Sugar Options</b>	For series having delta $\leq 14$ Base level +/- 1.00	For series having delta $>14 - \leq 30$ Base level +/- 1.00	For series having delta $>30 - \leq 64$ Base level +/- 1.50	For series having delta $>64 - \leq 100$ Base level +/- 2.00

\* The price limits are base limits which are applicable only to near dated options. A multiplier may be applied to price limits of longer dated options.

<b>Price Limits*</b> <b>Commodity Options (Paris)</b>				
<b>Future Mais (Corn) Options</b>	For series having delta ≤14 Base level +/- 0.525	For series having delta >14 - ≤34 Base level +/- 0.675	For series having delta >34 - ≤64 Base level +/- 0.825	For series having delta >64 - ≤100 Base level +/- 1.05
<b>Ble De Meunerie En Euro (Milling Wheat) Options</b>	For series having delta ≤14 Base level +/- 1.30	For series having delta >14 - ≤34 Base level +/- 1.70	For series having delta >34 - ≤64 Base level +/- 2.10	For series having delta >64 - ≤100 Base level +/- 2.60
<b>Colza En Euro (Rapeseed) Options</b>	For series having delta ≤14 Base level +/- 0.525	For series having delta >14 - ≤34 Base level +/- 0.675	For series having delta >34 - ≤64 Base level +/- 0.825	For series having delta >64 - ≤100 Base level +/- 1.05
<b>Rapeseed Oil Options</b>	For series having delta ≤14 Base level +/- 1.50	For series having delta >14 - ≤30 Base level +/- 4.00	For series having delta >30 - ≤64 Base level +/- 6.00	For series having delta >64 - ≤100 Base level +/- 8.00

\* The price limits are base limits which are applicable only to near dated options. A multiplier may be applied to price limits of longer dated options.

<b>Price Limits*</b> <b>Currency Options</b>					
<b>Euro/US Dollar Options</b>	For series having delta $\leq 55$ Base level +/- 0.50	For series having delta $> 55 - \leq 100$ Base level +/- 0.50			
<b>US DollarEuro Options</b>	For series having delta $\leq 55$ Base level +/- 0.50	For series having delta $> 55 - \leq 100$ Base level +/- 0.50			

\* The price limits are base limits which are applicable only to near dated options. A multiplier may be applied to price limits of longer dated options.

## Price Limits for Amsterdam Individual Equity Options

	Expiration months <12 months			Expiration months ≥ 12 months		
	Price limits			Price limits		
Individual Equity Options Category 1	For series having delta <20 Base level +/- €0.30	For series having delta ≥20 - <55 Base level +/- €0.40	For series having delta ≥55 Base level +/- €0.50	For series having delta <20 Base level +/- €0.60	For series having delta ≥20 - <55 Base level +/- €0.80	For series having delta ≥55 Base level +/- €1.00
Individual Equity Options Category 2	For series having delta <95 Base level +/- €0.50		For series having delta ≥95 Base level +/- €0.75	For series having delta <95 Base level +/- €1.00		For series having Delta ≥95 Base level +/- €1.50
Individual Equity Options Category 3	For series having delta <95 Base level +/- €0.50		For series having delta ≥95 Base level +/- €1.00	For series having delta <95 Base level +/- €1.00		For series having delta ≥95 Base level +/- €2.00
Individual Equity Options Category 4	Base level +/- €0.10			n /a		

Please note that during the uncrossing price limits are doubled

## Amsterdam Individual Equity Options

Category 1	Category 2	Category 3	Category 4
AAB	DRK	AHO	HGM
AFA	FUR	AAI	
AGN	RDB	CIO	
AH	STO	GTX	
AKZ		GTZ	
ASL		HEX	
ASM		KPO	
BAM		NAI	
BCK		NYE	
BHR		REU	
CRU		UOO	
CSM		WHV	
DSM			
FOR			
GTN			
HEI			
ING			
KPN			
LAU			
LC			
MOO			
MT			
NUM			
NUO			
OCE			
ORD			
PHI			
RD			
REN			
RND			
SBM			
SR			
TPG			
TTM			
UN			
USG			
VDR			
VPK			
WES			
WKL			

## Price limits for Brussels Individual Equity Options

	Price Limits			
Individual Equity Options Category 1	For Series having delta < 14 base level +/- €0.10	For Series having Delta $\geq 14 - 30$ base level +/- €0.20	For Series having Delta $\geq 30 - 64$ base level +/- €0.30	For Series having Delta $\geq 64 - 100$ base level +/- €0.50
Individual Equity Options Category 2	For Series having delta < 14 base level +/- €0.20	For Series having Delta $\geq 14 - 30$ base level +/- €0.40	For Series having Delta $\geq 30 - 64$ base level +/- €0.45	For Series having Delta $\geq 64 - 100$ base level +/- €0.60
Individual Equity Options Category 3	For Series having delta < 14 base level +/- €0.40	For Series having Delta $\geq 14 - 30$ base level +/- €0.60	For Series having Delta $\geq 30 - 64$ base level +/- €0.60	For Series having Delta $\geq 64 - 100$ base level +/- €0.90
Individual Equity Options Category 4	For Series having delta < 14 base level +/- €0.50	For Series having Delta $\geq 14 - 30$ base level +/- €0.70	For Series having Delta $\geq 30 - 64$ base level +/- €0.90	For Series having Delta $\geq 64 - 100$ base level +/- €1.20
Individual Equity Options Category 5	For Series having delta < 14 base level +/- €0.60	For Series having Delta $\geq 14 - 30$ base level +/- €1.10	For Series having Delta $\geq 30 - 64$ base level +/- €1.50	For Series having Delta $\geq 64 - 100$ base level +/- €2.25

Please note that for all maturities with a lifetime exceeding 12 months the spreads will be doubled.



## Brussels Individual Equity Options

Category 1	Category 2	Category 3	Category 4	Category 5
	AGE	BLG	BAR	COL
	DXB		KBC	DEL
				FRB
				GBL
				INT
				MOB
				OME
				SOL
				UCB
				UMC

## Price Limits for London Individual Equity Options

<b>Expiration months 1<sup>st</sup> Quarter months</b> <b>Price limits</b>						
Individual Equity Options Category 1	For series having delta <16 Base level +/- 5p	For series having delta ≥16 - <34 Base level +/- 6p	For series having delta ≥34 - <64 Base level +/- 7p	For series having delta ≥64 - <82 Base level +/- 9p	For series having delta ≥82 - 100 Base level +/- 12p	
Individual Equity Options Category 2	For series having delta <16 Base level +/- 6p	For series having delta ≥16 - <34 Base level +/- 7p	For series having delta ≥34 - <64 Base level +/- 8p	For series having delta ≥64 - <82 Base level +/- 12p	For series having delta ≥82 - 100 Base level +/- 15p	
Individual Equity Options Category 3	For series having delta <16 Base level +/- 7p	For series having delta ≥16 - <34 Base level +/- 9p	For series having delta ≥34 - <64 Base level +/- 10p	For series having delta ≥64 - <82 Base level +/- 15p	For series having delta ≥82 - 100 Base level +/- 20p	
Individual Equity Options Category 4	For series having delta <16 Base level +/- 8p	For series having delta ≥16 - <34 Base level +/- 10p	For series having delta ≥34 - <50 Base level +/- 12p	For series having delta ≥50 - <64 Base level +/- 15p	For series having delta ≥64 - <82 Base level +/- 20p	For series having delta ≥82 - 100 Base level +/- 25p
Individual Equity Options Category 5	For series having delta <16 Base level +/- 10p	For series having delta ≥16 - <34 Base level +/- 12p	For series having delta ≥34 - <50 Base level +/- 15p	For series having delta ≥50 - <64 Base level +/- 17p	For series having delta ≥64 - <82 Base level +/- 25p	For series having delta ≥82 - 100 Base level +/- 30p
Individual Equity Options Category 6	For series having delta <16 Base level +/- 12p	For series having delta ≥16 - <34 Base level +/- 15p	For series having delta ≥34 - <50 Base level +/- 17p	For series having delta ≥50 - <64 Base level +/- 20p	For series having delta ≥64 - <82 Base level +/- 25p	For series having delta ≥82 - 100 Base level +/- 30p

Please note that price limits are rounded up/down according to the contract specific tick value.

<b>Expiration months 2<sup>nd</sup> Quarter months</b> <b>Price limits 1<sup>st</sup> Quarter + 25%</b>						
Individual Equity Options Category 1	For series having delta <16 Base level +/- 6.25p	For series having delta ≥16 - <34 Base level +/- 7.5p	For series having delta ≥34 - <64 Base level +/- 8.75p	For series having delta ≥64 - <82 Base level +/- 11.25p	For series having delta ≥82 - 100 Base level +/- 15p	
Individual Equity Options Category 2	For series having delta <16 Base level +/- 7.5p	For series having delta ≥16 - <34 Base level +/- 8.75p	For series having delta ≥34 - <64 Base level +/- 10p	For series having delta ≥64 - <82 Base level +/- 15p	For series having delta ≥82 - 100 Base level +/- 18.75p	
Individual Equity Options Category 3	For series having delta <16 Base level +/- 8.75p	For series having delta ≥16 - <34 Base level +/- 11.25p	For series having delta ≥34 - <64 Base level +/- 12.50p	For series having delta ≥64 - <82 Base level +/- 18.75p	For series having delta ≥82 - 100 Base level +/- 25p	
Individual Equity Options Category 4	For series having delta <16 Base level +/- 10p	For series having delta ≥16 - <34 Base level +/- 12.50p	For series having delta ≥34 - <50 Base level +/- 15p	For series having delta ≥50 - <64 Base level +/- 18.75p	For series having delta ≥64 - <82 Base level +/- 25p	For series having delta ≥82 - 100 Base level +/- 31.25p
Individual Equity Options Category 5	For series having delta <16 Base level +/- 12.50p	For series having delta ≥16 - <34 Base level +/- 15p	For series having delta ≥34 - <50 Base level +/- 18.75p	For series having delta ≥50 - <64 Base level +/- 21.25p	For series having delta ≥64 - <82 Base level +/- 31.25p	For series having delta ≥82 - 100 Base level +/- 37.50p
Individual Equity Options Category 6	For series having delta <16 Base level +/- 15p	For series having delta ≥16 - <34 Base level +/- 18.75p	For series having delta ≥34 - <50 Base level +/- 21.25p	For series having delta ≥50 - <64 Base level +/- 25p	For series having delta ≥64 - <82 Base level +/- 31.25p	For series having delta ≥82 - 100 Base level +/- 37.50p

**Please note that price limits are rounded up/down according to the contract specific tick value.**

<b>Expiration months 3<sup>rd</sup> Quarter months and onwards</b> <b>Price limits 1<sup>st</sup> Quarter + 50%</b>						
Individual Equity Options Category 1	For series having delta <16 Base level +/- 7.5p	For series having delta ≥16 - <34 Base level +/- 9p	For series having delta ≥34 - <64 Base level +/- 10.50p	For series having delta ≥64 - <82 Base level +/- 13.50p	For series having delta ≥82 - 100 Base level +/- 18p	
Individual Equity Options Category 2	For series having delta <16 Base level +/- 9p	For series having delta ≥16 - <34 Base level +/- 10.50p	For series having delta ≥34 - <64 Base level +/- 12p	For series having delta ≥64 - <82 Base level +/- 18p	For series having delta ≥82 - 100 Base level +/- 22.50p	
Individual Equity Options Category 3	For series having delta <16 Base level +/- 10.50p	For series having delta ≥16 - <34 Base level +/- 13.50p	For series having delta ≥34 - <64 Base level +/- 15p	For series having delta ≥64 - <82 Base level +/- 22.50p	For series having delta ≥82 - 100 Base level +/- 30p	
Individual Equity Options Category 4	For series having delta <16 Base level +/- 12p	For series having delta ≥16 - <34 Base level +/- 15p	For series having delta ≥34 - <50 Base level +/- 18p	For series having delta ≥50 - <64 Base level +/- 22.50p	For series having delta ≥64 - <82 Base level +/- 30p	For series having delta ≥82 - 100 Base level +/- 37.50p
Individual Equity Options Category 5	For series having delta <16 Base level +/- 15p	For series having delta ≥16 - <34 Base level +/- 18p	For series having delta ≥34 - <50 Base level +/- 22.50p	For series having delta ≥50 - <64 Base level +/- 25.50p	For series having delta ≥64 - <82 Base level +/- 37.50p	For series having delta ≥82 - 100 Base level +/- 45p
Individual Equity Options Category 6	For series having delta <16 Base level +/- 18p	For series having delta ≥16 - <34 Base level +/- 22.50p	For series having delta ≥34 - <50 Base level +/- 25.50p	For series having delta ≥50 - <64 Base level +/- 30p	For series having delta ≥64 - <82 Base level +/- 37.50p	For series having delta ≥82 - 100 Base level +/- 45p

**Please note that price limits are rounded up/down according to the contract specific tick value.**

## London Individual Equity Options

Category 1	Category 2	Category 3	Category 4	Category 5	Category 6
GME	AER	BEG	GXO	SAN	SCB
ARM	ICI	RR	TAB	AWS	SSE
VOD	BP	BSK	SHL	EMG	WTB
RTO	RBS	SCN	SHA	TAT	NXT
LGE	BOT	CAD	RB	AVZ	IMP
RYL	HSB	STL		HSN	LS
LOG	GNS	TSB		SHP	XST
CTM	GAL	EXP		BLT	AAM
DIX	ULV	SNP			POC
C+W		REI			RTZ
KGF		CPI			AZA
SGE		WHL			
TMK		M+S			
MWR		BGG			
CPG		PRU			
BTG		EMA			
LFI		WPP			
CTR		MAB			
IPR		UUL			
RUT		BBL			
HRG		NGG			
TCO		PSO			
LDB		CUA			
		LEI			
		III			
		HAX			
		SAB			
		NKR			
		LSE			
		IHG			
		WSY			

## Price Limits for Paris Individual Equity Options

	<b>Price Limits</b>			
Individual Equity Options Category 1	For Series having delta < 14 base level +/- €0.10	For Series having Delta $\geq 14 - 30$ base level +/- €0.20	For Series having Delta $\geq 30 - 64$ base level +/- €0.30	For Series having Delta $\geq 64 - 100$ base level +/- €0.50
Individual Equity Options Category 2	For Series having delta < 14 base level +/- €0.20	For Series having Delta $\geq 14 - 30$ base level +/- €0.40	For Series having Delta $\geq 30 - 64$ base level +/- €0.45	For Series having Delta $\geq 64 - 100$ base level +/- €0.60
Individual Equity Options Category 3	For Series having delta < 14 base level +/- €0.40	For Series having Delta $\geq 14 - 30$ base level +/- €0.60	For Series having Delta $\geq 30 - 64$ base level +/- €0.60	For Series having Delta $\geq 64 - 100$ base level +/- €0.90
Individual Equity Options Category 4	For Series having delta < 14 base level +/- €0.50	For Series having Delta $\geq 14 - 30$ base level +/- €0.70	For Series having Delta $\geq 30 - 64$ base level +/- €0.90	For Series having Delta $\geq 64 - 100$ base level +/- €1.20
Individual Equity Options Category 5	For Series having delta < 14 base level +/- €0.60	For Series having Delta $\geq 14 - 30$ base level +/- €1.10	For Series having Delta $\geq 30 - 64$ base level +/- €1.50	For Series having Delta $\geq 64 - 100$ base level +/- €2.25

**Please note that for all maturities with a lifetime exceeding 9 months the spreads will be doubled.**

## Paris Individual Equity Options (American Style)

Category 1	Category 2	Category 3	Category 4	Category 5
CG1	AC1	AI1	AL1	VA1
CR1	AF1	AT1	AS1	
CS1	BN1	BO1	CD1	
EX1	EN1	CL1	UL1	
FT1	CA1	CN1		
HA1	CO1	DF1		
IF1	CP1	DG1		
PU1	DA1	DS1		
SC1	DX1	EO1		
ST1	EA1	FR1		
TF1	EF1	GL1		
TM1	FP1	HO1		
	GA1	LG1		
	LO1	MC1		
	MI1	ML1		
	MM1	NY1		
	MT1	NX1		
	OR1	PP1		
	RN1	RI1		
	SA1	RM1		
	SZ1	SG1		
	TO1	SM1		
	UG1	SU1		
	VI1	SW1		
		TE1		

## Paris Individual Equity Options (European Style)

Category 1	Category 2	Category 3	Category 4	Category 5
CG3	AC3	AC2	AI2	AS3
CS9	DX2	AF2	CO2	CD3
FT3	EA3	BN2	DS3	RI2
ST3	TF3	BN3	DF3	VA2
	TM3	CA2	GL3	
		CA3	HO2	
		DG2	FP2	
		EN9	FR2	
		EX2	LG2	
		GA3	ML2	
		LO3	PP2	
		MC2	SG3	
		MI3	SU2	
		MM3	TE3	
		OR2		
		RN3		
		SA3		
		SW2		
		SZ3		
		TO2		
		UG2		
		VI3		



## **Liffe TRADING PROCEDURES**

### **PART ONE**

#### **3.5 Trade invalidation**

##### Trade Invalidation determined by Liffe

- 3.5.1 Pursuant to Trading Procedure 2.1, price limits are designed to prevent the submission of orders with manifest pricing errors such that intervention by the Relevant Euronext Market Undertaking to invalidate trades will not be necessary in the normal course of events. Notwithstanding this, in certain circumstances, the Relevant Euronext Market Undertaking may determine that a trade has taken place at an unrepresentative price and may, as soon as practicable, declare that trade invalid.
- 3.5.2 The Relevant Euronext Market Undertaking may determine that a trade has been executed at an unrepresentative price, when:
- (a) in cases where automated price limits are not operational, it determines that such price would have fallen outside the prevailing price limits had they been operational; and
  - (b) due to exceptional circumstances, it determines that the prevailing price limits have temporarily failed to be consistent with a fair value for the relevant contract. Such assessment of fair value for the relevant contract may take into account one or both of the following:
    - (i) bids/offers and trades, as applicable, which occurred prior to and following the trade in question in the contract concerned in either the same or a different contract/expiry month or series; and
    - (ii) information regarding price movements in related markets.
- 3.5.3 Where one or more legs of a recognised strategy trade is deemed to have taken place at an unrepresentative price, as defined in Trading Procedure 3.5.2, any invalidation by the Relevant Euronext Market Undertaking shall be conducted in accordance with the provisions contained in PART TWO.
- 3.5.4 When a trade is declared invalid the parties or party to the trade will be informed, as soon as possible, by telephone and via a broadcast message from the Trading Host that the trade is to be annulled. In any event, the parties or party to the trade will be informed, at the latest, before the close of trading for invalidations which occur before Market Close or before the start of trading on the following business day for invalidation which occur after Market Close. A

message concerning any volume correction will be notified to quote vendor services.

#### Trade Invalidation at a member's request

- 3.5.5 Where an error has been made by a member in the trading of an Exchange Contract included within the List of Eligible Contracts – as set out in Annexe One – such member may make a request to Market Services that the trade be invalidated.
- 3.5.6 On receipt of such a request, subject to Trading Procedure 3.5.7, Market Services will contact the other counterparty/ies to the trade on an anonymous basis, and if such counterparty/ies agree to the trade being invalidated, the Relevant Euronext Market Undertaking may invalidate the trade (which for these purposes includes reducing the lot size of the trade). The Relevant Euronext Market Undertaking may notify the market, by whatever means available, of the necessary amendments to the traded price and volume of the series concerned. All trade invalidations at a member's request will be performed at the Relevant Euronext Market Undertaking's absolute discretion.
- 3.5.7 Requests for cancellation should be submitted to Market Services no later than 30 minutes after execution of the relevant trade.

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## **Liffe TRADING PROCEDURES**

### **PART TWO – NON-HARMONISED AND MARKET-SPECIFIC PROVISIONS**

#### **AMSTERDAM**

~~A.12 Cancellation of Transactions (mistrades)~~

~~A.12.1 Pursuant to Trading Procedure 3.5.2, Euronext Amsterdam may, in the interest of the proper operation of its derivative markets cancel a Transaction if~~

~~(i) it is executed outside the outer price limits (notwithstanding Trading Procedure 2.1.1.);~~  
~~and~~

~~(ii) one of the Members involved in this Transaction informs Euronext Amsterdam by telephone of the mistake within ten minutes of the Transaction unless Euronext Amsterdam decides otherwise.~~

## **A.12 Trade Invalidation**

- A.12.1 Pursuant to Trading Procedure 3.5.3, where Euronext Amsterdam determines that one or more constituent legs of a recognised strategy trade have been executed at an unrepresentative price in accordance with Trading Procedure 3.5.2, it may declare invalid only the leg or legs deemed to have been executed at an unrepresentative price, leaving all other constituent legs of the recognised strategy trade unaffected.

## **BRUSSELS**

### **~~B.12 Cancellation of Transactions (mistrades)~~**

- ~~B.12.1 Pursuant to Trading Procedure 3.5.2, in the interests of a fair and orderly market, Euronext Brussels has the right to cancel a Transaction if:~~
- ~~(a) the price at which the Transaction is occurring differs considerably from the market's reference price at the time of the Transaction; and~~
  - ~~(b) if one of the Members involved in this Transaction informs Euronext by telephone of the mistake within five minutes of the Transaction.~~
- ~~B.12.2 The conditions under which a mistrade will be accepted will be different for each Belgian Derivative and are described in Trading Procedures B.13. to B.15 inclusive.~~
- ~~B.12.3 The rules on mistrades described in Trading Procedures B.12.1(a) are based on an analysis of the spread between the price at which the Transaction was carried out and the reference price and on an analysis of the loss occurred as a result of the introduction of the erroneous order. When one order is carried out in several Transactions, all losses will be summed to check if the condition of minimum loss for a mistrade is fulfilled.~~
- ~~B.12.4 The Member who requests the cancellation of the Transaction according to the Trading Procedures B.12.1(b) must as soon as possible send a fax confirming his mistake. The fax must include a full description of the Transaction and mention the following details:~~
- ~~(a) the mnemonic of the contract;~~
  - ~~(b) the volume and the price;~~
  - ~~(c) the Clearing Member;~~
  - ~~(d) the Trading Member;~~
  - ~~(e) the name of the trader;~~
  - ~~(f) the ITM under which the Transaction is carried out;~~
  - ~~(g) the time of the Transaction; and~~
  - ~~(h) the type of account and the account number.~~

~~B.12.5 Euronext Brussels shall only cancel the Transaction if it complies with the specific mistrade rules for that Belgian Derivative which is the subject of the Transaction or if all Members involved in the Transaction agree on such cancellation.~~

~~———— If a Transaction is considered as a mistrade, Euronext Brussels will inform all Members about it, through a text message, this message will contain the identity of the “mistrader”. In no event shall Euronext Brussels disclose the name of a counterpart before the official acceptance of the mistrade.~~

~~———— The Members involved in the mistrade will be sent a fax, which contains all the necessary information on the Transaction, which has been cancelled.~~

### **B.13 Mistrades in BEL20® Index Futures**

~~B.13.1 The procedures described hereafter form the basis of the assessment of whether the litigious Transaction is to be considered as a mistrade.~~

~~B.13.2 Under normal market conditions, the two conditions set out below must be met.~~

~~———— Condition 1: the Transaction entails a minimal loss of at least EUR 1000. The loss is calculated as follows:~~

~~————  $[\text{Absolute value (reference price - Transaction price)}] * 20 * \# \text{ lots}$~~

~~———— Condition 2:~~

~~———— for the first two expiry months:~~

~~$[\text{Absolute value (reference price - Transaction price)}] > 20 \text{ index points}$~~

~~———— for the other expiry months:~~

~~$[\text{Absolute value (reference price - Transaction price)}] > 40 \text{ index point}$~~

~~B.13.3 Under fast market conditions only the following condition must be met:~~

~~$[\text{Absolute value (reference price - Transaction price)}] > 50 \text{ index points}$~~

### **B.14 Mistrades in BEL20® Index Options**

~~B.14.1 The procedures described hereafter form the basis of the assessment of whether the litigious Transaction is to be considered as a mistrade~~

~~B.14.2 Under normal and Fast Market conditions, the two conditions set out below must absolutely be met.~~

~~———— Condition 1: the trade entails a minimal loss of at least EUR 1000 The loss is calculated as follows:~~

~~$[\text{Absolute value (reference price - Transaction price)}] * 2 * \# \text{ lots}$~~

~~———— Condition 2:~~

~~———— for the 1/2/3 expiry months:~~

~~$[\text{Absolute value (reference price - Transaction price)}] > 2 * \text{maximum spread.}$~~

~~———— for the 6/12 expiry months:~~

~~$[\text{Absolute value (reference price - Transaction price)}] > 1.5 * \text{maximum spread}$~~

~~— for the 24/36 expiry months:~~

~~$[\text{Absolute value (reference price - Transaction price)}] > \text{maximum spread}$~~

**B.15 Mistrades in Equity Options**

~~B.15.1 The procedures described hereafter form the basis of the assessment of whether the litigious Transaction is to be considered as a mistrade.~~

~~B.15.2 Under normal and fast market conditions, the two conditions set out below must be met.~~

~~— Condition 1: the trade entails a minimal loss of at least EUR 1000. The loss is calculated as follows:~~

~~$[\text{Absolute value (reference price - Transaction price)}] * \text{trading unit} * \# \text{ lots}$~~

~~— Condition 2:~~

~~$[\text{Absolute value (reference price - Transaction price)}] > 2 * \text{maximum spread.}$~~

**B.12 Trade invalidation**

**B.12.1** Pursuant to Trading Procedure 3.5.3, where Euronext Brussels determines that one or more constituent legs of a recognised strategy trade have been executed at an unrepresentative price in accordance with Trading Procedure 3.5.2, it may declare invalid the entire strategy trade.

**LONDON**

**Lo.12 Trade invalidation**

Lo .12.1 Pursuant to Trading Procedure 3.5.3, where the Exchange determines that one or more constituent legs of a recognised strategy trade have been executed at an unrepresentative price in accordance with Trading Procedure 3.5.2, it may declare invalid the entire strategy trade.

**LISBON**

**Li.11 Trade invalidation**

**Li.11.1** Pursuant to Trading Procedure 3.5.3, where Euronext Lisbon determines that one or more constituent legs of a recognised strategy trade have been executed at an unrepresentative price in accordance with Trading Procedure 3.5.2, it may declare invalid the entire strategy trade.

## PARIS

### ~~P.10 Trade invalidation in the Central Order Book~~

#### ~~P.10.1 Grounds for cancellation~~

~~Euronext Paris shall have sole authority to decide on the cancellation of a trade that it has recorded.~~

~~In all events, Euronext Paris can decide to cancel a trade only in one of the following situations:~~

- ~~the trade occurred in breach of applicable regulations;~~
- ~~the trade occurred in unforeseen or exceptional circumstances;~~
- ~~the trade occurred at an aberrant price.~~

#### ~~P.10.2 Trades in breach of applicable regulations~~

~~Trades considered to be in breach of applicable regulations include transactions occurring after an issuer has disseminated price sensitive information unfairly, and transactions effected through virtually simultaneous entry of orders in the aim of circumventing cross transaction procedures.~~

#### ~~P.10.3 Trades in unforeseen or exceptional circumstances~~

~~Trades deemed to occur in unforeseen or exceptional circumstances include those resulting from a call auction that takes place outside the appointed times.~~

#### ~~P.10.4 Trades at an aberrant price~~

~~Trades executed at a price that differs significantly from a reference price shall be deemed to occur at an aberrant price.~~

##### ~~(a) Reference price~~

~~Euronext Paris shall have sole authority to determine the reference price of a financial instrument listed on its markets.~~

~~Euronext Paris can use all available information to determine the reference price, including:~~

- ~~price(s) of the most recent trade(s)~~
- ~~settlement price~~
- ~~price(s) given in response to a quote request by Market Services~~
- ~~discussions with market participants~~
- ~~theoretical valuation (fair value).~~

##### ~~(b) Undeterminable reference price~~

~~In all cases, Euronext Paris shall make no cancellation decision for an aberrant price if it deems there is insufficient information to determine a reference price.~~

~~In particular, Euronext Paris deems this to be case for trades in out of and at the money options in the last five Trading Days.~~

##### ~~(c) Price interval~~

Trades executed outside the price interval tables detailed hereafter shall be deemed to diverge significantly from the reference price.

Trades made at a price within this interval cannot be cancelled on the grounds of price even if the parties to the trade have given mutual assent thereto.

(i) ——— Price intervals used for futures contracts

<b>Contract</b>	<b>Interval</b>
40-year Euro Notional	+/- 30 basis points
Euro 5-year	+/- 20 basis points
Rapeseed	+/- €5
Corn	+/- €2.5
Milling wheat	+/- €4
CAC 40-®	+/- 30 index points

(ii) ——— Price intervals used for option contracts

<b>Commodity options on milling wheat futures or rapeseed futures</b>	
<b>Reference price in Euros</b>	<b>Interval</b>
€0.1 – 1.9	+/- €2
€2 – 5.9	+/- €4
€6 – 14.9	+/- €6
€15 – 24.9	+/- €8
€25 or more	+/- €10

<i>Financial options</i>	<i>Interval</i>
Option on Euro Notional futures	+/- 10 basis points
Option on Euro 5-year futures	+/- 10 basis points

<i>Equity options</i>		
<b>Reference price in Euros</b>	<b>Interval for American type options</b>	<b>Interval for European style options</b>
€0.01 – 1.50	+/- €0.25	+/- €0.40
€1.50 – 3.00	+/- €0.40	+/- €0.55
€3.00 – 4.50	+/- €0.60	+/- €0.75
€4.50 – 7.50	+/- €0.90	+/- €1.35
€7.50 – 15.00	+/- 15 % to a maximum of +/- €1.5	+/- 20 % to a maximum of +/- €2.5
€15 or more	+/- 15 % to a maximum of +/- €3	+/- 20 % to a maximum of +/- €4

<i>Index options</i>	
<b>Reference price in index points</b>	<b>Interval in index points</b>
0.01 – 9.99	+/- 1.5
10 – 19.99	+/- 2.25
20 – 29.99	+/- 3
30 – 49.99	+/- 5.25
50 – 99.99	+/- 15 % to a maximum of +/- 12 pts
100 or greater	+/- 15 % to a maximum of +/- 20 pts

(d) ——— Special cases

(i) ——— Strategies on futures and option contracts

~~Price-related cancellation requests are accepted for strategies other than volatility trades of any kind, including but not limited to calendar spreads on futures contracts or option strategies, only if the trade has taken place in the corresponding strategy Central Order Book (in which case the whole trade can be cancelled provided that the price of at least one of its legs falls outside the relevant price interval applicable to outright trades). Failing this, the resulting trades recorded in the Central Order Book for outright orders can be cancelled separately under the general rules for cancelling outright transactions.~~

~~(ii) — Delta neutral or stock contingent trade~~

~~The price conformity of a trade made in connection with a volatility trade shall be determined under the general rules for cancelling outright trades in options.~~

~~P.10.5 — Procedure for requesting a cancellation~~

~~(a) — Initiation of the cancellation request~~

~~Only a Member who is a party to the trade can issue a price-related cancellation request.~~

~~(b) — Timeframe for making the request~~

~~A Member seeking to cancel a trade must submit a written request to Market Services within 15 minutes of trade execution. Requests made after this cut-off point will not be taken into consideration.~~

~~(c) — Analysis and notification~~

~~After receiving a cancellation request in the proper form, Euronext Paris shall promptly disseminate a message on the trading system to indicate that the trade concerned is under review.~~

~~Euronext Paris shall use the same means to inform trading Members of its decision. Decisions shall be made within 30 minutes of receiving the request.~~

~~(d) — Expenses~~

~~The Member who requested and obtained the cancellation of one or more trades of an executed order shall pay Euronext Paris the sum of EUR 250 (two hundred and fifty euro).~~

**P.10 Trade Invalidation**

P.10.1 Pursuant to Trading Procedure 3.5.3, where Euronext Paris determines that one or more constituent legs of a recognised strategy trade have been executed at an unrepresentative price in accordance with Trading Procedure 3.5.2, it may declare invalid only the leg or legs deemed to have been executed at an unrepresentative price, leaving all other constituent legs of the recognised strategy trade unaffected.

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## **Liffe TRADING PROCEDURES**

### **PART ONE**

**An additional provision to Section 3.2 (“Entering orders and making acceptances”)**

**This provision replaces the provision previously at TP 3.5.1)**

- 3.2.11        Where a member is experiencing technical difficulties in relation to LIFFE CONNECT®, the Relevant Euronext Market Undertaking may delete orders in the Central Order Book at the relevant Member’s request, on a best endeavours basis and at the Relevant Euronext Market Undertaking’s absolute discretion.