



The driving force for derivatives

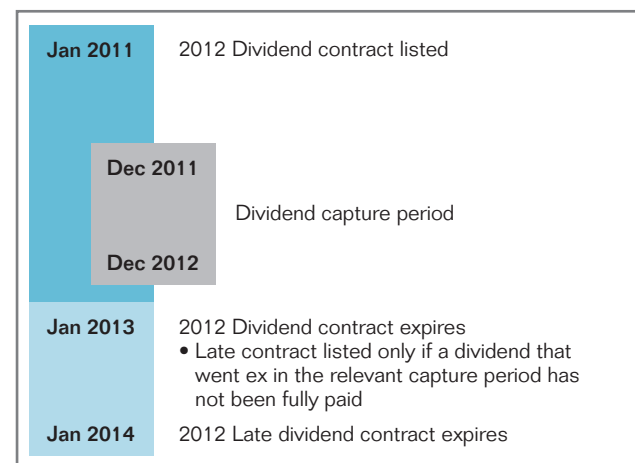
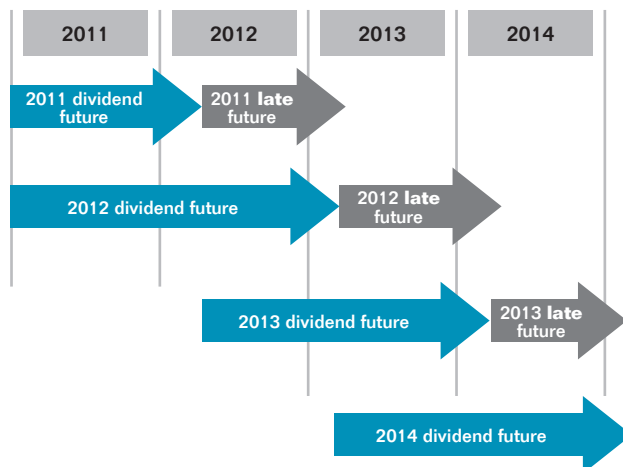
Russian IOB Stock Dividend Futures

EDX London's Russian IOB Derivatives Service was launched in December 2006. It offers a broad range of equity derivatives based on the Depository Receipts (DRs) which are offered for trading on the London Stock Exchange's International Order Book (IOB). The service enables trading between domestic and international counterparties, all fully backed by central counterparty clearing. This service is complimented by derivatives on the FTSE Russia IOB Index.

Product Offering

EDX London has now launched **standardised** stock dividend futures on six IOB Depository Receipts: Gazprom, Lukoil, Norilsk Nickel, Rosneft, Surgutneftegas and VTB. These contracts enable members to hedge dividend exposure resulting from trading IOB Depository Receipt derivatives.

EDX will source dividend projections, to be used for daily mark to market, from Markit Equities. Markit Equities provides consensus market dividend forecasts to EDX for use in its settlement pricing calculation.



In the event that there is an announced dividend or part of an announced dividend whose payment is deferred until after January expiry, EDX will list a 'late dividend' contract. This additional contract on the late dividend is completely separate and distinct from 'normal' dividend contracts available in the order book.

Should a full dividend payment not be made by expiration of a normal contract, any member who holds a position in the normal contract at expiration will automatically receive a corresponding and equal position in the late contract.

For further information on the product please visit our website at www.edxlondon.com

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Key features and benefits:

Protection from unusual payment schedules: The late dividend contract provides a level of protection to clients for irregular dividend payment schedules

Order Book Trading: SOLA Trading Technology, matches buyers and sellers during IOB Market Hours

Trade reporting facility: EDX MPS desk will accept bilaterally negotiated trades from members and brokers

Centralised liquidity: Reported and order book trades are fully fungible on this product

Central counterparty clearing: LCH.Clearnet acts as central counterparty to all trades transacted on EDX London

Daily mark to market: EDX will use Markit Equities dividend projections for daily settlement values until official rates are announced by the Depositary Bank

Parameter	Description
Underlying	Gross paid ordinary dividend
Contract Multiplier	100 DRs
Contract Currency	USD
Tick Size:	< USD 0.9995 - USD 0.0005 USD 1.0000 – USD 4.9990 - USD 0.0010 > USD 5.0000 - USD 0.0100
Settlement type	Cash
Contract lifetime	Two year lifetime with final settlement based on the dividend paid out relating to dividends gone ex between the first business day after the third Friday in December and the third Friday in December the following year
Daily settlement price	Markit Equities dividend projection, official rate as announced by Depositary Bank and adjusted in line with any revisions
Final settlement price	Ordinary dividend paid by the Depositary Bank in the contract lifetime prior to deduction of withholding tax and Depositary Bank fees
Expiry	Third Friday in January
Corporate actions	As described for individual DR options / futures in the EDX Rules
Trading hours	Order Book: 08:15-15:30 London time / Trade Reporting: 08:15-17:30 London time

Underlying DR	Bloomberg code	Thompson Reuters code
Gazprom	OGZD LI	GAZPq.L
Lukoil	LKOD LI	LKOHyq.L
Norilsk Nickel	MNOD LI	NKELyq.L
Rosneft	ROSN LI	ROSNq.L
Surgutneftegaz	SGGD LI	SNGSyq.L
VTB Bank	VTBR LI	VTBRq.L

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