

## **LONDON NOTICE No. 3266**

ISSUE DATE: 23 March 2010  
EFFECTIVE DATE: 1 April 2010

### **SHORT TERM INTEREST RATE FUTURES CONTRACTS**

### **U.S. LIQUIDITY PROGRAMME**

#### **Executive Summary**

This Notice informs Members of the extension of, and a revision to, the Liquidity Programme in respect of Short Term Interest Rate Futures Contracts for eligible proprietary traders based in the United States. The revised programme will be effective from 1 April 2010 to 31 March 2011 inclusive.

#### **1. Introduction**

- 1.1 London Notice No. 3142, issued on 31 March 2009, informed Members of the extension of, and revision to, the U.S. Liquidity Programme (“USLP”) in respect of Short Term Interest Rate (“STIR”) Futures Contracts for eligible proprietary traders based in the United States.
- 1.2 This Notice informs Members that the revised USLP will be extended for a period of twelve months from **1 April 2010 to 31 March 2011 inclusive**.

#### **2. Revision to the USLP**

- 2.1 A revised definition of “Qualifying Business” will come into effect on 1 April 2010. “Qualifying Business” shall be business which satisfies the following criteria:
  - (a) it is executed in the Euribor Futures Contract, Short Sterling Futures Contract, Eurodollar Futures Contract and Euroswiss Futures Contract (together the “Contracts”);
  - (b) it is assigned to a person registered by the Exchange as a USLP trader (the “Participating Trader”); and
  - (c) it is proprietary business of the Participating Trader and not client business.

Web site: [www.nyx.com/liffe](http://www.nyx.com/liffe)

The **Euronext Derivatives Markets** 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.

### 3. USLP Fee Structure

- 3.1 Subject to the terms and conditions summarised in this Notice, the USLP provides Participating Traders who transact more than 1,500 lots of Qualifying Business during a calendar month with reduced Exchange transaction fees as detailed in the table below:

USLP Fee Structure	
Monthly Volume (lots)	Fee per lot per side
Lots 0 – 1,500	£0.25
Lots 1,501 – 15,000	£0.20
Lots 15,001 – 27,000	£0.15
Lots 27,001 – 40,000	£0.10
Lots > 40,000	£0.25

- 3.2 Reduced Exchange transaction fees will be effected by way of rebates in the normal manner and will only be available in respect of Qualifying Business transacted by the Participating Trader.
- 3.3 For the avoidance of doubt, clearing fees of 3 pence per side, per lot will be applied to all traded volume transacted by the Participating Trader.
- 3.4 Individuals registered in the USLP may not be registered in the Exchange Liquidity Provider Schemes in respect of the Euribor, Euroswiss, or Short Sterling Futures Contracts (together the “LP Schemes”). Details concerning those LP Schemes can be found on the NYSE Euronext website ([www.nyx.com/stirlpschemes](http://www.nyx.com/stirlpschemes)).
- 3.5 U.S. proprietary traders who are registered with the Exchange for the current USLP will be deemed to be registered for the revised USLP with effect from 1 April 2010.

### 4. Summary of other Terms and Conditions

- 4.1 To be eligible to participate in the USLP, traders must be U.S. domiciled proprietary traders:
- (a) who are registered with the CFTC as floor traders or floor brokers and whose principal activities include trading futures on a discretionary basis for their own account; or
  - (b) whose principal activity is trading futures on a discretionary basis for their own account; or
  - (c) who are trading for the account of a U.S. entity whose principal activity is trading futures on a discretionary basis, such as proprietary trading groups, trading arcades and other institutional trading entities deemed eligible by the Exchange at its absolute discretion.
- 4.2 Individuals registered in the USLP will be permitted to terminate their USLP registration in order to transfer into the LP Schemes, but they will not subsequently be permitted to transfer back into the USLP until the end of the programme on 31 March 2011.
- 4.3 In relation to the Contracts, Exchange transaction fee rebates for all Qualifying Business transacted by a Participating Trader will be made one month in arrears. Exchange transaction fees are calculated on the basis of 25 pence per lot, per side for Euribor, Short Sterling and

Euroswiss Futures Contracts and 39 U.S. cents per lot, per side for the Eurodollar Futures Contract.

- 4.4 In the event that any Qualifying Business which may give rise to a benefit under the terms of the USLP may also qualify as business giving rise to a benefit under any other Exchange liquidity provision, market making or other similar scheme or arrangement (regardless of whether such scheme or arrangement is an “incentive scheme” within the FSA’s guidance), the Exchange reserves the right in its absolute discretion to take one or more of the following actions:

- (a) not to credit any further rebates otherwise due under the USLP;
- (b) to re-charge some or all of the discounted transaction fees made under the USLP; and
- (c) to terminate the USLP Agreement by notice to the parties with immediate effect.

## **5. Identification of Qualifying Business**

- 5.1 Once an individual has been registered in the USLP, his Qualifying Business will be identified through a single unique entry into the User Specified field (a LIFFE CONNECT<sup>®</sup> field that translates into a single Account Reference in the Trade Registration System (“TRS”)) used exclusively by that individual and solely for his activity in that capacity.
- 5.2 It is essential that submitted Account References are accurate as a simple error will result in Qualifying Business not being identified. For example, if Account Reference “ABC1” was submitted as “ABC”, no Qualifying Business would be identified and no transaction fee rebates would be rewarded.
- 5.3 Applicants should be aware that after a LIFFE CONNECT<sup>®</sup> trade enters TRS, the Account Reference field can be amended through TRS post trade processing. For example, allocation can be made to a different Account Reference. As such, applicants should ensure that they submit in their application the final Account Reference of their trades for the Exchange to identify Qualifying Business accurately.
- 5.4 **The Exchange stresses that any underpayment of transaction fee rebates resulting from inaccurate application/registration details will not be corrected retrospectively by the Exchange.**
- 5.5 If a Participating Trader decides to make changes to the trading and/or clearing arrangements which were detailed in the application, particularly those used by the Exchange to identify Qualifying Business (e.g. clearer, Member and Account Reference details), it is the responsibility of the Participating Trader to provide the Exchange with formal notification of such amendments in a timely manner, ideally in advance. Failure to do so could result in inaccurate registrations and no transaction fee discounts being received. For amendments to currently registered TRS Account Reference(s) effective for 1 April 2010, the Exchange will accept formal notification up until 30 April 2010.

## **6. Application Process**

- 6.1 Members may register eligible U.S.-based proprietary traders at any time throughout the duration of the USLP, up to and including the penultimate month of the Liquidity Programme. To benefit from the rebate of Exchange transaction fees in a particular calendar month, eligible U.S. proprietary traders must be registered with the Exchange in the USLP prior to the start of that calendar month. For applicants wishing to participate in the USLP from 1 April 2010, the Exchange will accept applications up until 30 April 2010.

- 6.2 Members wishing to register individual U.S. proprietary traders in the USLP should request a copy of the formal Terms and Conditions in respect of the USLP and an application form from Colleen Herbert. The Exchange reserves the right to limit participation in the USLP and shall accept individuals for participation at its absolute discretion.

For further information in relation to this Notice, Members should contact:

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