

LONDON NOTICE No. 3422

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SHORT TERM INTEREST RATE (“STIR”) FUTURES CONTRACTS

AMENDMENTS TO THE LIQUIDITY PROVIDER PROGRAMMES

Executive Summary

This Notice sets out details of the Liquidity Provider Programmes for individuals in Three Month Euro (EURIBOR), Three Month Sterling (Short Sterling) and Three Month Euro Swiss Franc (Euroswiss) Interest Rate Futures Contracts, and provides Members with information about revised net Exchange trading fees in respect of the Euribor LP Programme and Sterling LP Programme.

1. Introduction

- 1.1 London Notice No. 3208 ([LON3208](#)), issued on 23 October 2009, informed Members of three new Liquidity Provider Programmes for individuals in Three Month Euro (EURIBOR), Three Month Sterling (Short Sterling) and Three Month Euro Swiss Franc (Euroswiss) Interest Rate Futures Contracts (“STIR Futures Contracts”), which are referred to as the Euribor LP Programme, Sterling LP Programme and Euroswiss LP Programme respectively (the “STIR LP Programmes”).
- 1.2 This Notice informs Members of amendments to the Exchange trading fees in the Euribor LP Programme and the Sterling LP Programme. The STIR LP Programmes will run until close of business on Wednesday 30 November 2011, and will be open to applications up to and including Monday 31 October 2011. Those who are currently registered as an Individual LP in any of the STIR LP Programmes will not be required to re-apply and will automatically receive benefits under the relevant (new) schedule.
- 1.3 Members should also be aware that the Exchange recently introduced the STIR Discount Schedule which is open to Firms with individuals registered on one or more of the STIR LP Programmes. Registered Firms can benefit from the higher of: (a) rebates payable under the STIR LP Programme; and (b) rebates payable through the STIR Discount Schedule. Please refer to London Notice No. 3410 ([LON3410](#)), issued on 24 March 2011, for further information in relation to the STIR Discount Schedule and details of how to apply.

Web site: 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.

2. Benefits of the STIR LP Programmes

- 2.1 Individuals registered on the LP Programme will be eligible for a reduction in Exchange trading fees in respect of Qualifying Business. A full list of the net Exchange trading fees for Individual LPs registered on the Euribor LP Programme, Sterling LP Programme and/or Euroswiss LP Programme are contained in the Attachment to this Notice.
- 2.2 For the avoidance of doubt, clearing fees of 3 pence per lot, per side will be applied as normal.

3. Qualifying Business

- 3.1 For each of the STIR LP Programmes, “Qualifying Business” is business which satisfies the following criteria:
- (a) executed in the relevant STIR Futures Contracts to which the Programme applies;
 - (b) assigned to a person registered by the Exchange as an Individual LP on the relevant Programme; and
 - (c) proprietary business of the Individual LP and not client business.

4. Summary of Other Terms and Conditions

- 4.1 In general terms, an Individual LP is an individual who, through his trading activity (involving behaviour such as price improvement and the facilitation of order flow), supports and enhances the liquidity of LIFFE’s STIR Futures Contracts. A typical example of such behaviour is the frequent submission of orders into the LIFFE CONNECT[®] central order book to attract and satisfy customer order flow. Specifically, the Exchange defines an Individual LP as:
- (a) an individual whose principal activities include trading futures on a discretionary basis for his own account, or for the proprietary account of an employer in which he has an interest;
 - (b) whose trading activity contributes to price discovery and satisfies the futures order flow of other market participants; and
 - (c) who can demonstrate that they have met the appropriate volume threshold requirement in any calendar month during the six month period up to and including the calendar month in which the application was received.
- 4.2 The volume threshold requirements for Individual LP applications for each of the Euribor LP Programme, Sterling LP Programme and Euroswiss LP Programme are set-out in the table below:

STIR LP Programme	Minimum Volume Threshold
Euribor LP Programme	20,000
Sterling LP Programme	8,000
Euroswiss LP Programme	2,000

5. Application Process

- 5.1 The application forms for the STIR LP Programmes are available from Account Managers and on the NYSE Euronext website (www.nyx.com/stirlpschemes). Those individuals wishing to apply for LP status should complete the form and submit it to their Account Manager. The Exchange's decision as to whether applications should be approved for LP status shall be final and binding.
- 5.2 Programme Terms and Conditions are attached to the application form. The Exchange advises every applicant to ensure that they have read and understood those Terms and Conditions, as the Terms and Conditions and applicable Notices govern participation in the Programme.
- 5.3 Ultimately, it is the responsibility of the applicant to ensure that all information included on the application form is complete and correct. Incorrect information will affect and possibly lengthen the application process and could affect the payment of Exchange trading fee rebates.
- 5.4 For the avoidance of doubt, an individual holding LP status in one contract (e.g. the Euribor Futures Contract) must apply separately for LP status in a different contract (e.g. the Sterling and/or Euroswiss Futures Contracts).
- 5.5 Applicants must submit their application form five business days prior to the last business day of the month to be registered for the entire calendar month. Applications received after five business days prior to the last business day of the month shall be registered for the following calendar month.
- 5.6 Where an application for participation in the STIR LP Programmes is registered by the Exchange in a particular calendar month, only volume assigned to the LP during that calendar month and thereafter will be Qualifying Business.

6. Identification of Qualifying Business

- 6.1 Once an individual has been registered as an LP, its Qualifying Business will be identified through a single unique entry into the User Specified field (a LIFFE CONNECT[®] field that translates into a single Account Reference in the Trade Registration System ("TRS")) used exclusively by the LP and solely for his activity in that capacity.
- 6.2 Applicants should be aware that after a LIFFE CONNECT[®] trade enters TRS, the Account Reference field can be amended through TRS post trade processing any time up until 21:30 hours (London time) on the same business day. As such, applicants should ensure that they submit in their application the final Account References based on market assigned trades for the Exchange to identify Qualifying Business accurately.
- 6.3 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 trading fee rebates would be awarded.
- 6.4 The Exchange stresses that any underpayment of trading fee rebates resulting from inaccurate application/registration details will not be corrected retrospectively by the Exchange.
- 6.5 If a registered LP 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 Firm to provide the Exchange with formal notification of such amendments in a timely manner, ideally in advance and in all cases by no later than close of business on the last business day of the month in which the change occurred. If this is not done, then only volumes transacted during the calendar month in which the notification of

changes was received by the Exchange (and any subsequent scheme months) will be eligible for the benefits specified in paragraph 2.

7. Billing Arrangements

- 7.1 In relation to the Euribor, Sterling and Euroswiss Futures Contracts, Exchange trading fees will be billed (as they are currently) to Clearing Members at the beginning of the following calendar month. This initial bill is calculated on the basis of 25p per lot, per side for all delivery months. The Exchange will then calculate the rebates on Qualifying Business for approved Individual LPs and make rebates to Clearing Members during the following calendar month. For example, rebates for Qualifying Business transacted in May 2011 will be calculated in June 2011 for payment to Clearing Members at the beginning of July 2011.
- 7.2 In the event that any business which may give rise to a benefit under the terms of the STIR Discount Schedule and/or the STIR LP Programmes may also qualify as business undertaken by the Individual LP giving rise to a benefit under any other Exchange liquidity provision, market making or other similar programme or arrangement (“Other Arrangements”) (regardless of whether such programme or arrangement is an “incentive scheme” within the FSA’s guidance), the Exchange will in its absolute discretion take one or more of the following actions:
- (a) withdraw the credit of any further rebates otherwise due under the Other Arrangements;
 - (b) withdraw the credit of any further rebates due under the STIR Discount Schedule or the STIR LP Programmes, as applicable;
 - (c) re-charge some or all of the rebates made under the Other Arrangements, the STIR Discount Schedule or the STIR LP Programmes; and
 - (d) terminate the Agreement by notice to the parties with immediate effect.

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

Fixed Income Derivatives

+44 (0)20 7379 2222

stirs@nyx.com

Euribor Futures – Net Exchange trading fees for an individual trader registered as a Euribor Liquidity Provider (“LP”).

WHITE DELIVERY MONTHS		RED DELIVERY MONTHS		GREEN DELIVERY MONTHS		BLUE DELIVERY MONTHS	
Quarters 1 to 4 including serial months		Quarters 5 to 8		Quarters 9 to 12		Quarters 13 to 16	
Monthly Volume (Lots)	Fee per lot per side	Monthly Volume (Lots)	Fee per lot per side	Monthly Volume (Lots)	Fee per lot per side	Monthly Volume (Lots)	Fee per lot per side
0-15,000	25p	0-10,000	20p	0-3,000	15p	0-100	10p
15,001-250,000	15p	10,001-25,000	14p	3,000-10,000	10p	101-2,500	7p
250,001-500,000	12p	25,001-75,000	11p	10,001-25,000	8p	2,501-5,000	5p
500,001-1,200,000	10p	75,001 – 300,000	7p	25,001-75,000	5p	5,001-10,000	4p
>1,200,000	8p	>300,000	5p	>75,000	3p	>10,000	2p

Note: Under the terms of the Euribor LP Programme the net Exchange trading fee for “gold” delivery months (quarters 17 to 20) is zero.

Short Sterling Futures – Net Exchange trading fees for an individual trader registered as a Sterling Liquidity Provider (“LP”).

WHITE DELIVERY MONTHS		RED DELIVERY MONTHS		GREEN DELIVERY MONTHS		BLUE DELIVERY MONTHS	
Quarters 1 to 4 including serial months		Quarters 5 to 8		Quarters 9 to 12		Quarters 13 to 16	
Monthly Volume (Lots)	Fee per lot per side	Monthly Volume (Lots)	Fee per lot per side	Monthly Volume (Lots)	Fee per lot per side	Monthly Volume(Lots)	Fee per lot per side
0-10,000	25p	0-7,500	20p	0-2,000	10p	0-100	9p
10,001-100,000	15p	7,501-20,000	12p	2,001-7,500	7p	100-1,000	7p
100,001-450,000	12p	20,001-50,000	8p	7,501-20,000	4p	1,001-5,000	4p
450,001-1,200,000	9p	50,001-200,000	5p	>20,000	2p	>5,000	2p
>1,200,000	8p	>200,000	2p				

Note: Under the terms of the Sterling LP Programme the net Exchange trading fee for “gold” delivery months (quarters 17 to 20) is zero.

Euroswiss Futures – Net Exchange trading fees for an **individual trader** registered as a **Euroswiss Liquidity Provider (“LP”)**.

WHITE DELIVERY MONTHS	
Quarters 1 to 4	
Monthly Volume(Lots)	Fee per lot per side
0-2,000	25p
2,001-20,000	15p
20,001-40,000	12p
> 40,000	9p

FRONT RED DELIVERY MONTHS	
Quarters 5 & 6	
Monthly Volume (Lots)	Fee per lot per side
0-400	22p
401-6,000	15p
6,001-9,000	12p
> 9,000	9p

BACK RED DELIVERY MONTHS	
Quarters 7 & 8	
Monthly Volume (Lots)	Fee per lot per side
0-400	15p
401-6,000	13p
6,001-9,000	9p
>9,000	6p

Note: Under the Euroswiss LP Programme the net Exchange trading fee for “green” delivery months (quarters 9 to 12) is zero.