

LONDON NOTICE No. 2689

ISSUE DATE: 29 September 2005
EFFECTIVE DATE: 29 September 2005

THREE MONTH EURODOLLAR INTEREST RATE FUTURES AND OPTIONS CONTRACTS

EXPIRY OF DESIGNATED MARKET MAKER PROGRAMMES

Executive Summary

This Notice reminds members of the forthcoming expiry of the Designated Market Maker arrangements in respect of Three Month Eurodollar Interest Rate Futures and Options Contracts and notifies members that the Exchange has determined not to renew those arrangements.

1. London Notice No. 2643, issued on 6 May 2005, informed members that the Designated Market Maker (“DMM”) Programme in respect of the Three Month Eurodollar Interest Rate Futures Contract (“Eurodollar Futures Contract”) will expire at the close of business on Friday 30 December 2005. **Members are hereby notified that the Exchange has resolved not to renew the DMM Programme and, in consequence, there will be no formal market making support in relation to the Eurodollar Futures Contract after 30 December 2005.**
2. Updated details of current DMM obligations in relation to the Eurodollar Futures Contract can be found in the Attachment to this Notice. These obligations will remain in place until close of business on 30 December 2005.
3. London Notice No. 2638, issued on 8 April 2005, informed members that the first period of the DMM Programme in respect of the Option and One Year Mid-Curve Option on the Eurodollar Futures Contract (“Eurodollar Options Contracts”) will expire at the close of business on 28 April 2006. **Members are hereby notified that the Exchange has resolved not to proceed with subsequent periods of the DMM Programme and, in consequence, there will be no formal market making support in relation to the Eurodollar Options Contracts after 28 April 2006.**
4. DMM obligations in relation to the Eurodollar Options Contracts are available on the Euronext website at www.euronext.com/eurodollar/options/dmms. These obligations will remain in place until close of business on 28 April 2006.
5. Members should ensure that clients are made aware of the arrangements detailed in this Notice.

Web site: www.euronext.com/derivatives

The Euronext Derivatives Markets (“Euronext.liffe”) include 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.

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Eurodollar Futures Contract: Designated Market Maker (“DMM”) Obligations

DMM obligations in relation to the Eurodollar Futures Contract are set out in the three tables below.

		Quarterly Delivery Months (maximum spread in basis points x minimum order size in lots)							
Sets of DMM Obligations	Trading Day Coverage %	Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8
1	65	0.5 x 50	0.5 x 50	0.5 x 50	0.5 x 50	0.5 x 50	0.5 x 50	0.5 x 50 (30%)	0.5 x 50 (30%)
2	70	0.5 x 100	0.5 x 75	0.5 x 50	0.5 x 50	0.5 x 50	0.5 x 50	0.5 x 25 (35%)	0.5 x 25 (35%)
3	75	0.5 x 200	0.5 x 200	0.5 x 100	0.5 x 100	0.5 x 50	0.5 x 50	0.5 x 25	0.5 x 25

		Calendar Spread Strategies (maximum spread in basis points x minimum order size in lots per leg)							
Sets of DMM Obligations	Trading Day Coverage %	1st (Q1/Q2)	2nd (Q2/Q3)	3rd (Q3/Q4)	4th (Q4/Q5)	5th (Q5/Q6)	6th (Q6/Q7)	7th (Q7/Q8)	8th (Q8/Q9)
4	75	0.5 x 100	0.5 x 100	0.5 x 150	0.5 x 150	0.5 x 100	0.5 x 100	0.5 x 100	-
5	70	1 x 700	0.5 x 700	0.5 x 700	0.5 x 700	0.5 x 700	0.5 x 700	0.5 x 200 (50%)	0.5 x 200 (40%)

Sets of DMM Obligations	Trading Day Coverage %	Additional Strategies (maximum spread in basis points x minimum order size in lots per leg)
6	75	First six butterflies (Q1\Q2\Q3 to Q6/Q7/Q8): 0.5 x 50 lots.

Trading Day Coverage refers to the entire trading day, i.e. 07:00 to 21:00 hours (London time). Where a DMM has committed to reduced coverage in respect of particular delivery months or strategies, this has been indicated in brackets.

DMMs are required to perform the following market making obligations for an agreed percentage of the trading day:

- (a) make two-way outright markets in the agreed quarterly delivery months and/or strategies on LIFFE CONNECT[®] with an agreed maximum bid/offer spread and an agreed minimum order size as detailed in the tables above; and
- (b) assist Exchange staff, on request, in determining theoretical prices used for intra-day modelling and, in particular, settlements publication.

DMM obligations are subject to the following exemptions:

- (a) on U.S. national holidays the Exchange will determine which DMM obligations, if any, should be honoured; and
- (b) where intra-day market conditions prevent a DMM from honouring its obligations, for example over the announcement of significant economic news and during technical issues, the DMM must inform the Exchange at its earliest convenience.

It is anticipated that the DMMs will operate over different portions of the trading day, thereby providing extensive coverage of the Eurodollar Futures Contract's fourteen hour trading session.