

LONDON NOTICE No. 2699

ISSUE DATE: 26 October 2005
EFFECTIVE DATE: 7 November 2005

THREE MONTH EURO (EURIBOR) AND THREE MONTH STERLING (SHORT STERLING) INTEREST RATE FUTURES CONTRACTS

ENHANCEMENTS TO PACK AND BUNDLE STRATEGY FUNCTIONALITY

INTRODUCTION OF AN ADDITIONAL QUARTERLY DELIVERY MONTH AND AMENDMENTS TO CONTRACT TERMS

Executive Summary

This Notice informs members of the introduction of “rolling” Pack and Bundle functionality in Release 9.0 of LIFFE CONNECT[®] for Financials and provides details of the introduction of a further quarterly delivery month in the Three Month Euro (EURIBOR) and Three Month Sterling (Short Sterling) Interest Rate Futures Contracts (“EURIBOR” and “Short Sterling” respectively) to support this enhancement.

1. To support further the development of the market in Pack and Bundle strategies, Release 9.0 of LIFFE CONNECT[®] for Financials, which will be implemented on 7 November 2005, will introduce functionality to support the creation of “rolling” Pack and Bundle strategies in EURIBOR and Short Sterling. This enhancement will allow the creation of EURIBOR and Short Sterling Packs and Bundles with alternative front months.
2. The Pack and Bundle configuration changes in Release 9.0 of LIFFE CONNECT[®] will allow EURIBOR and Short Sterling Packs and Bundles to be referenced to either the front or the second quarterly delivery month. For example, a White Pack could comprise Q1, Q2, Q3 and Q4 or Q2, Q3, Q4 and Q5, the latter being the “rolling” White Pack. For the Five Year Bundle (Q1 to Q20) and the Gold Pack (Q17 to Q20) the respective rolling strategies (Q2 to Q21 and Q18 to Q21) require a further quarterly delivery month to be made available for trading.
3. A “Purple” quarterly delivery month will therefore be added in EURIBOR and Short Sterling. This will mean that 25 delivery months will be available for trading in EURIBOR (4 serial and 21 quarterly delivery months) and 23 delivery months will be available in Short Sterling (2 serial and 21 quarterly delivery months). The TRS delivery month code for the new Purple quarterly delivery month will be the symbol @. This TRS delivery month code will be applied to each Purple quarterly delivery month, regardless of whether it is Purple March, Purple June, Purple September or Purple December.

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.

4. The changes described in paragraph 3 require amendments to the Contract Details in respect of Exchange Contracts No.16 and No. 46. Details of the amendments are contained in the Attachment to this Notice. They will be effective on and from 7 November 2005.
5. Further details, and amendments to the Trading Procedures in relation to LIFFE CONNECT® Release 9.0, will be issued shortly.

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

Interest Rate Product Management

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(B) CONTRACT DETAILS SPECIFIED BY THE BOARD FOR SHORT TERM INTEREST RATE CONTRACTS
(Additions are shown underlined and deletions shown ~~struck through~~)

Table I: Section (a)

Contract	Three Month Eurodollar	Three Month Sterling	Three Month Euro Swiss Franc
Known as Exchange Contract No.	15	16	33
Currency specified by the Board	Dollar \$	Sterling £	Swiss Franc SFr
Period specified by the Board	Three Months	Three Months	Three Months
Unit of trading	\$ 1 million	£ 500,000	SFr 1 million
Delivery months	All calendar months	All calendar months	Mar, Jun, Sep, Dec
No. of delivery months available for trading¹	20 Quarterly 4 Serial	20 <u>21</u> Quarterly 2 Serial	8 Quarterly
Basis Point value²	\$25.00 per lot	£12.50 per lot	SFr25.00 per lot
Minimum price movement (Value)	Half Basis Point (\$12.50)	One Basis Point (£12.50)	One Basis Point (SFr25.00)
Minimum EDSP Price Increment	0.001%	0.001%	0.001%
Quotation	100.00 minus rate of interest	100.00 minus rate of interest	100.00 minus rate of interest
Last Trading Day	Two business days prior to the third Wednesday of the delivery month	Third Wednesday of the delivery month. ³	Two business days prior to the third Wednesday of the delivery month
Interest rate basis	Actual days/360	Actual days/365	Actual days/360

¹ The delivery months available for trading will be the relevant number of nearest quarterly delivery months and the relevant number of nearest serial delivery months. A new delivery month is available for trading the business day after the Last Trading Day of a delivery month.

² A one Basis Point change in price has a value equal to the Basis Point value. In respect of contracts for a three month period, this is equal to the change in gross interest on the unit of trading for one quarter of a year resulting from a 0.01% change in the interest rate i.e. Basis Point value = $\frac{0.01}{100} \times \frac{3}{12} \times$ Unit of trading. In respect of contracts for a one month period, this is equal to the change in gross interest on the unit of trading for 30 days resulting from a 0.01% change in the interest rate i.e. Basis Point value = $\frac{0.01}{100} \times \frac{30}{360} \times$ Unit of trading.

³ If such a day is not a business day, "Last Trading Day" shall mean the business day next following such day.

(B) CONTRACT DETAILS SPECIFIED BY THE BOARD FOR SHORT TERM INTEREST RATE CONTRACTS

Table I: Section (b)

Contract	Three Month Euro (EURIBOR)
Known as Exchange Contract No.	46
Currency specified by the Board	Euro €
Period specified by the Board	Three Months
Unit of trading	€ 1 million
Delivery months	All calendar months
No. of delivery months available for trading ¹	20 21 Quarterly 4 Serial
Basis Point value ²	€25.00 per lot
Minimum price movement (Value)	Half Basis Point (€12.50)
Minimum EDSP Price Increment	0.001%
Quotation	100.00 minus rate of interest
Last Trading Day	Two business days prior to the third Wednesday of the delivery month
Interest rate basis	Actual days/360

¹ The delivery months available for trading will be the relevant number of nearest quarterly delivery months and the relevant number of nearest serial delivery months. A new delivery month is available for trading the business day after the Last Trading Day of a delivery month.

² A one Basis Point change in price has a value equal to the Basis Point value. In respect of contracts for a three month period, this is equal to the change in gross interest on the unit of trading for one quarter of a year resulting from a 0.01% change in the interest rate i.e. Basis Point value = $\frac{0.01}{100} \times \frac{3}{12} \times$ Unit of trading. In respect of contracts for a one month period, this is equal to the change in gross interest on the unit of trading for 30 days resulting from a 0.01% change in the interest rate i.e. Basis Point value = $\frac{0.01}{100} \times \frac{30}{360} \times$ Unit of trading.