

LONDON NOTICE No. 2925

ISSUE DATE: 20 July 2007
EFFECTIVE DATE: 30 July 2007

SHORT TERM INTEREST RATE (“STIR”) OPTIONS

APPOINTMENT OF DESIGNATED MARKET MAKERS (“DMM”) IN THE SCREEN-BASED DMM SCHEME (“THE STIR OPTIONS SCREEN-BASED DMM SCHEME”)

Executive Summary

This Notice informs members of the appointment of Designated Market Makers (“DMM”) in the screen-based DMM scheme in the Three Month Euro (EURIBOR) and Three Month Sterling (Short Sterling) Interest Rate Options Contracts. (“the STIR Options screen-based DMM Scheme”).

1. London Notice No. 2898, issued on 1 June 2007, informed members, amongst other things, of the introduction of a screen-based DMM Scheme in STIR options (“the STIR Options screen-based DMM Scheme”) and invited interested members and their clients to apply.
2. **Subject to the completion of legal agreements**, this Notice informs members of the appointment of DMMs in the STIR Options screen-based DMM Scheme in the Three Month Euro (EURIBOR) and the Three Month Sterling (Short Sterling) Interest Rate Options Contracts with effect from 30 July 2007 until the close of business on 31 March 2008 inclusive.
3. The Attachment to this Notice contains details of the different market making obligations of the DMMs in relation to such Options Contracts.
4. Functionality available to DMMs, along with the relevant API throttle settings, is described in London Notice No. 2898.
5. The Exchange remains committed to continuing to improve and develop its STIR portfolio and to offering its members the most efficient and effective market place for the trading of STIR contracts. Members who wish to suggest new ideas and initiatives for the future development of the Exchange’s STIR portfolio should contact Interest Rate Product Management at Liffe.

For further information in relation to this Notice, members should contact their Account Manager or the following:

Interest Rate Product Management +44 (0) 20 7379 2222 stirs@liffe.com

Web site: www.euronext.com/derivatives

The **Euronext Derivatives Markets (“Liffe”)** 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.

**SHORT TERM INTEREST RATE (“STIR”) OPTIONS CONTRACTS
INDIVIDUAL DMM OBLIGATIONS IN THE STIR OPTIONS SCREEN-BASED SCHEME**

EURIBOR AND SHORT STERLING OPTIONS CONTRACTS

Number of screen-based DMMs in Euribor Options Contracts: 11

Number of screen-based DMMs in Short Sterling Options Contracts: 8

1st and 2nd Quarterly expiries

	Maximum Bid/Offer Spread (basis points)	Minimum Order Size (lots)	Session Presence
Options \geq 20% delta	1.5	250	80%
Options $<$ 20% delta	1		

3rd and 4th Quarterly expiries

	Maximum Bid/Offer Spread (basis points)	Minimum Order Size (lots)	Session Presence
Options \geq 10% delta	1.5	250	80%
Options $<$ 10% delta	1		

SHORT STERLING OPTIONS CONTRACTS

Number of screen-based DMMs in Short Sterling Options Contracts: 1

1st and 2nd Quarterly expiries

	Maximum Bid/Offer Spread(basis points)	Minimum Order Size (lots)	Session Presence
Options \geq 20% delta	2.5	250	80%
Options $<$ 20% delta	1.5		

3rd and 4th Quarterly expiries

	Maximum Bid/Offer Spread (basis points)	Minimum Order Size (lots)	Session Presence
Options \geq 10% delta	2.5	250	80%
Options $<$ 10% delta	1.5		

Obligations

1. DMMs in the STIR Options screen-based Scheme will be obliged to meet agreed requirements for 90% of the period between 16:00 and the 16:15, when the daily settlement price is determined for the Scheme's contracts.
2. Two way prices will be required in the following outright strikes only: At-The-Money calls, At-The-Money puts, the nearest five Out-The-Money calls and the nearest five Out-The-Money puts.
3. For all other series, strategies and for Euribor and Short Sterling Mid-Curve Options, DMMs in the STIR Options screen-based Scheme will be required to respond to RFQs on a "best efforts" basis.

Exemptions

1. On UK, US and German national holidays, the Exchange will determine which DMM obligations, if any, should be honoured.
2. 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.