LONDON NOTICE No. 2960

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NEW CHARGING SCHEME FOR LIFFE CONNECT® BANDWIDTH USAGE IN STIR FUTURES CONTRACTS

Executive Summary

This Notice informs Members that, on and from 2 January 2008, a new order-to-trade ratio based bandwidth usage charging scheme will be introduced for Euribor, Short Sterling and Euroswiss Futures Contracts. This will apply to all Individual Trading Mnemonics ("ITMs") except Designated Market Maker ITMs.

1. Introduction

1.1 General Notice No. 1901, issued on 16 October 2001, required those members who wished to use an Automated Price Injection Model ("APIM") to register their APIM with the Exchange, and prescribed a charging structure for LIFFE CONNECT® bandwidth usage. General Notice No. 2347, issued on 15 January 2004, announced an extension of the charging structure for LIFFE CONNECT® bandwidth usage for APIMs.

1.2 Initially, that charging structure was based upon a fixed allocation of bandwidth issued to each registered APIM. However, in order to improve overall bandwidth efficiency, General Notice No. 2370, issued on 5 March 2004, introduced an order-to-trade ratio of 2:1 for APIMs in the Euribor Futures Contract only.

1.3 The Exchange has continued to invest heavily in LIFFE CONNECT® technology in order to accommodate ever increasing levels of participation and bandwidth usage. Specifically, LIFFE CONNECT® Release 9.1, implemented in 2006, greatly increased the capacity of the trading platform. The Exchange recently announced (London Circular No. 07/22, issued 13 September 2007) a number of new connectivity options for LIFFE CONNECT® in order to allow users to minimise latency and facilitate participation. The Exchange has continued actively to manage message usage, utilising the approach described above.

1.4 There has been a significant trend towards increased order activity and traded volume in the STIR Futures market generally, by both APIMs and non-APIM users. This increased liquidity has further improved the quality of the market, but also makes it increasingly important to manage message usage by all participants, so that it continues to be efficient, effective and equitable.

1.5 As part of its ongoing commitment to improve overall bandwidth efficiency, the Exchange is introducing a new order-to-trade ratio based bandwidth usage charging scheme for the Euribor Futures Contract, the Short Sterling Futures Contract and the Euroswiss Futures

Contract (the "STIR Futures Contracts"), which will apply to all ITMs except Designated Market Making ITMs. Details are described in Section 2 below.

1.6 The scheme represents a more generous order allowance than is currently the case in the Euribor Futures Contract, and provides a consistent bandwidth charging structure across the Exchange's most liquid STIR Futures Contracts.

1.7 In particular, by ensuring that the first 5,000 messages submitted per contract per day are not subject to charging, the scheme is intended to prevent any cost barrier to entry for new participants. The ratio based approach ensures that efficient participants of all sizes will not be penalised. Based on activity in August and September 2007, the new scheme would have resulted in no charges being incurred by the vast majority of users.

1.8 The new scheme relates only to Euribor Futures, Short Sterling Futures and Euroswiss Futures Contracts. Requirements for all other products remain unchanged.

2. New Bandwidth Usage Charging Scheme

2.1 On and from 2 January 2008, a new order-to-trade ratio based scheme will replace the previous order-to-trade ratio based scheme in Euribor Futures, and will also replace the previous schemes in Short Sterling Futures and Euroswiss Futures.

2.2 The new scheme will apply to all ITMs, other than those registered as Designated Market Maker ITMs, in Euribor Futures, Short Sterling Futures and Euroswiss Futures (see also paragraph 2.7).

2.3 No charges will apply for the first 5,000 messages (i.e. order submissions, revisions, and withdrawals) used by an ITM in any one of the STIR Futures Contracts. In the event that an ITM uses more than 5,000 messages in a STIR Futures Contract on any single trading day, an order-to-trade ratio will apply. This ratio will be 2:1. This will be measured on the basis of each order message above 5,000 versus the total number of lots traded (regardless of whether the lots were traded prior to or post the 5,000 message threshold being breached). Any messages which exceed the 2:1 ratio will be charged at 17.5p.

2.4 As an example, a member has traded 1,200 lots in the Euribor Futures Contract and has used a total of 5,000 messages. If the member continues to submit messages but does not trade any further lots during the remainder of the trading day, charges will be incurred for all messages after 7,400 messages have been used (i.e. 5000 + [2*1200] = 7400) at the rate of 17.5p per additional message.

2.5 The new scheme will take account of all orders and trades within the contracts concerned, regardless of the time of day that they were traded.

2.6 When submissions, revisions or withdrawals are achieved by sending batches that are "unraveled" by LIFFE CONNECT® to result in multiple changes, each of these changes will be considered a separate order. This will also apply to contract level pull orders. For example:

(a) a batch revision of 64 orders may be achieved by sending a single batch revision to LIFFE CONNECT®. This will be considered as the submission of 64 orders for charging purpose; and

(b) if a user has, for instance, 29 orders in a contract and withdraws all these orders using a single contract level command, this will be considered as 29 withdrawals for charging purposes.

2.7 In order to ensure a fair use of bandwidth by all market participants, Members should be aware that, whilst the new ratio charges will be ordinarily calculated at ITM level, the Exchange reserves the right to group ITMs together where it considers that a Member is not using bandwidth in an appropriate/efficient manner and/or is seeking to circumvent the new charging structure by using two or more ITMs.

2.8 Members are reminded that they must continue to register and conform with the Exchange all APIMs used when trading on LIFFE CONNECT®. For the avoidance of doubt, this also applies to APIM users who submit less than 5,000 orders in a single day, even though they will not incur charges as detailed. In addition, APIMs must continue to tag electronically each order submitted, utilising the APIM field available within the LIFFE CONNECT® API, to facilitate monitoring of the APIMs order and trade activity, separating it from any other activity.

3. Implementation Approach

3.1 The new charging scheme detailed above will come into effect on and from 2 January 2008, and members will be billed monthly in arrears with the first invoices being issued to Members at the beginning of February 2008.

3.2 Members who are concerned about their order usage should contact their account manager. The Exchange can assist such members by providing details of their current order-to-trade ratios in Euribor Futures, Short Sterling Futures or Euroswiss Futures. This information will assist members in ensuring that their order usage is appropriate and efficient prior to the changes taking place.

4. Further Information

4.1 Order and registration requirements for all products not mentioned in this Notice remain unchanged.

4.2 The previous 'APIM Guidelines' document will be updated to reflect this Notice, and will be reissued shortly.

4.3 The Exchange will continue to manage order usage to ensure a high quality market for all participants. As part of this continuing policy, the Exchange reserves the right to change order requirements in the future, or to extend requirements to further products, should this be judged to be in the interests of further ensuring a high quality market.

For further information in relation to this Notice, Members should contact their Account Manager at Liffe or:

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Interest Rate Derivatives	Tel: 0207 379 2222	stirs@liffe.com