



LONDON NOTICE No. 2836

ISSUE DATE: 23 January 2007
EFFECTIVE DATE: 24 January 2007

EuroMTS GOVERNMENT BOND INDEX CONTRACTS

INTRODUCTION OF A LIQUIDITY PROVIDER SCHEME

Executive Summary

This Notice provides details of the introduction of a Liquidity Provider Scheme in the EuroMTS Government Bond Index Contracts and invites applications.

1. Introduction

- 1.1 On 24 January 2007, the Exchange will introduce a Liquidity Provider Scheme in relation to the EuroMTS Government Bond Index Contracts (“the Bond Index Contracts LP Scheme”). The Bond Index Contracts LP Scheme will operate until the close of business on 31 July 2007.
- 1.2 Those registered to the Bond Index Contracts LP Scheme (“the Bond Index Contracts LPs”) will benefit from a 50% rebate of Exchange transaction fees on all eligible business transacted in EuroMTS Government Bond Index Contracts.
- 1.3 The Exchange transaction fees rebate is only available in respect of “Qualifying Business” transacted by liquidity providers registered by the Exchange as Bond Index Contracts LPs.

2. Qualifying Business

- 2.1 “Qualifying Business” is business which satisfies the following criteria:
 - (a) executed in the EuroMTS Government Bond Index Contracts;
 - (b) assigned to a person registered by the Exchange as a Bond Index Contracts LP; and
 - (c) proprietary business of the Bond Index Contracts LP and not client business.

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.

3. Details of the Bond Index Contracts LP Scheme

- 3.1 In general terms, a Bond Index Contracts 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 the EuroMTS Government Bond Index 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 a Bond Index Contracts 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; and
 - (b) whose trading activity contributes to price discovery and satisfies the futures order flow of other market participants.
- 3.2 There is no volume threshold requirement in relation to the Bond Index Contracts LP Scheme. Individuals can simply register with the Exchange and, if accepted, will benefit from a 50% reduction in Exchange transaction fees in relation to Qualifying Business.

4. Application Process

- 4.1 Bond Index Contracts LP application forms will be available from the Euronext website www.euronext.com/bondindices and from Account Managers. Those wishing to apply for LP status should complete the forms and submit them to their Account Manager. The Exchange's decision as to whether applications should be approved for LP status shall be final and binding.
- 4.2 Scheme Terms and Conditions are attached to all application forms. 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 Scheme.
- 4.3 Ultimately, it is the responsibility of the applicant to ensure that all information submitted in the application form is complete and correct. Incorrect information will affect and possibly lengthen the application process and could affect the payment of Exchange transaction fee rebates.
- 4.4 With the exception of January and February 2007, applications submitted near to the end of a month may not be approved until the next calendar month. Hence, Qualifying Business may not be deemed to have commenced until the calendar month following such approval.

5. Identification of Qualifying Business

- 5.1 Once an individual has been registered as a Bond Index Contracts LP, his 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 Bond Index Contracts LP and solely for his activity in that capacity.
- 5.2 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 transaction fee rebates would be awarded.

5.3 Applicants should be aware that after a LIFFE CONNECT[®] trade enters TRS, the Account Reference field can be amended through TRS post trade processing. For example, allocation can be made to a different Account Reference. As such, applicants should ensure that they submit in their application the final Account Reference of their trades for the Exchange to identify Qualifying Business accurately.

5.4 **The Exchange stresses that any underpayment of transaction fee rebates resulting from inaccurate application/registration details will not be corrected retrospectively by the Exchange.**

6. Billing Arrangements

6.1 Exchange transaction 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 €0.20 per lot, per side for all delivery months. The Exchange will then apply a reduction of 50% for all registered Bond Index Contracts LPs and make rebates to clearing members during the following calendar month

7. Change in LP Details

7.1 If a registered Bond Index Contracts 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 Bond Index Contracts LP to provide the Exchange with formal notification of such amendments in a timely manner, ideally in advance. Failure to do so could result in inaccurate registrations and no transaction fee rebates being received.

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

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