

LONDON NOTICE No. 3098

ISSUE DATE: 12 December 2008
EFFECTIVE DATE 15 December 2008

CREDIT DEFAULT SWAP INDEX CONTRACTS

REVENUE SHARE SCHEMES

Executive Summary

This Notice informs Members of the Revenue Share Schemes to be introduced in relation to the Credit Default Swap Index Contracts.

1. Introduction

- 1.1 London Notice No. 3097, issued on 12 December 2008, informed Members of the launch of Credit Default Swap Index Contracts (“CDS Contracts”) on Bclear.
- 1.2 This Notice provides details of two Revenue Share Schemes (the “CDS Schemes”) to be introduced in the Contracts and invites Members to apply.

2. Benefits of the CDS Schemes

- 2.1 There will be two CDS Schemes: the **CDS Reporting Scheme** and the **CDS Clearing Scheme**.
- 2.2 CDS Reporting Scheme
 - 2.2.1 The CDS Reporting Scheme will be open to all Members of the Exchange with the appropriate reporting rights.
 - 2.2.2 The Exchange will allocate 15% of net revenues derived from CDS Contracts to those Members registered to the Scheme that submit CDS transactions to Bclear. Payments will be calculated on a pro-rata basis according to the volume of business submitted and will be paid one calendar month in arrears.
 - 2.2.3 At the end of each quarter 5% of net revenues derived from CDS Contracts will be paid, on a pro-rata basis, to the five Members who are registered to the Scheme, who have submitted the highest volume of CDS Contract lots to Bclear. Payments will be made in the calendar month following the relevant quarter.
 - 2.2.4 All revenue share payments will be paid in **euro**.

Web site: www.nyx.com/liffe

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.

2.3 CDS Clearing Scheme

- 2.3.1 The CDS Clearing Scheme will be open to all Clearing Members of the Exchange (with the exception of those who are only entitled to clear Commodity Contracts).
- 2.3.2 The Exchange will allocate 15% of net revenues derived from CDS Contracts to those Clearing Members registered to the Scheme who clear CDS Contracts. Payments will be calculated on a pro-rata basis according to the volume of business cleared and will be paid one calendar month in arrears.
- 2.3.3 At the end of each quarter 5% of net revenues derived from CDS Contracts will be paid, on a pro-rata basis, to the five Clearing Members who are registered to the Scheme who have cleared the highest volume of CDS Contract lots. Payments will be made in the calendar month following the relevant quarter.
- 2.3.4 All revenue share payments will be paid in **euro**.

3. **Qualifying Business**

- 3.1 “Qualifying Business” is business which satisfies the following criteria:
 - (a) for the Reporting Scheme: trades reported to Bclear involving CDS Contracts; and
 - (b) for the Clearing Scheme: trades cleared through Bclear involving CDS Contracts.

4. **Application Process**

- 4.1 Application forms will be available from the Liffe website at www.nyx.com/cds and from Account Managers. Those wishing to apply for one or both of the Schemes should complete the form and submit it to their Account Manager **by the close of business on Friday 30 January 2009**. The Exchange’s decision as to whether applications should be approved for the Schemes shall be final and binding. The full legal name of all approved Registered Members will be published.
- 4.2 The Terms and Conditions of the Schemes are attached to the application form. 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 Schemes.
- 4.3 Ultimately, it is the responsibility of the applicant to ensure that all information included in the application form is complete and correct. Incorrect information will affect and possibly lengthen the application process and could affect the payments received from the Exchange.

5. **Identification of Qualifying Business**

- 5.1 Once a Member has been registered for either of the Schemes, its Qualifying Business will be identified using its LIFFE Member mnemonic.
- 5.2 **The Exchange stresses that any underpayment of any revenue share resulting from inaccurate application/registration details will not be corrected retrospectively by the Exchange.**

6. Change in Application/Registration Details

- 6.1 If a Member registered to either Scheme decides to make changes to the reporting and/or clearing arrangements which were detailed in the application, particularly those used by the Exchange to identify Qualifying Business (e.g., clearer, member details), it is the responsibility of that Member to provide the Exchange with formal notification of such amendments in a timely manner, ideally in advance of any amendment. Failure to do so could result in inaccurate registrations and any revenue shares not being received.

7. Duration of the CDS Incentive Schemes

- 7.1 The CDS Incentive Schemes will run initially for one year from 2 January 2009 and, subject to regulatory approval, will be renewed annually. Once registered in either Scheme, Members will not need to re-apply to remain in that Scheme if the Scheme is renewed.

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

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