

LONDON NOTICE No. 3228

ISSUE DATE: 11 December 2009
EFFECTIVE DATE: 14 December 2009

THREE MONTH EONIA SWAP INDEX FUTURES CONTRACT THREE MONTH EURO (EURIBOR) INTEREST RATE FUTURES CONTRACT

INTRODUCTION OF IMPLIED FUNCTIONALITY TO THE INTER-CONTRACT SPREAD ("ICS") STRATEGY

Executive Summary

This Notice informs Members that, on and from 14 December 2009, the Exchange will enable implied functionality for the Inter-contract Spread ("ICS") Strategy between the Three Month EONIA Swap Index Futures Contract and the Three Month Euro (EURIBOR) Interest Rate Futures Contract.

1. Introduction

- 1.1 London Notice No. 3222, issued on 20 November 2009, informed Members that, on and from 7 December 2009, the quoting convention for the Inter-contract Spread ("ICS") Strategy between the Three Month EONIA Swap Index Futures Contract and the Three Month Euro (EURIBOR) Interest Rate Futures Contract would be reversed to be consistent with the OTC quoting convention.
- 1.2 The ICS Strategy is now quoted with the Three Month EONIA Swap Index Futures Contract forming the front leg of the spread and the Three Month Euro (EURIBOR) Interest Rate Futures Contract forming the back leg of the spread.
- 1.3 This Notice informs Members that the Exchange intends to enable implied functionality for the ICS Strategy on and from **Monday 14 December 2009**.

2. Implied Functionality for the ICS Strategy

- 2.1 Both implied "in" and implied "out" functionality will be implemented for the ICS Strategy.
- 2.2 Implied "in" functionality for the ICS Strategy will allow prices in the Three Month EONIA Swap Index Futures Contract and the Three Month Euro (EURIBOR) Interest Rate Futures Contract (each a "Parent Contract") to combine to create implied prices in the ICS Strategy.

Web site: www.nyx.com/liffe

The **Euronext Derivatives Markets** 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 Implied “out” functionality for the ICS Strategy will allow prices in the ICS Strategy to combine with prices in either of the Parent Contracts to create implied prices in the other Parent Contract.
- 2.4 Consistent with existing implied functionality, LIFFE CONNECT® will only create and disseminate implied prices and volume when they are at the best bid and best offer (“BBO”) of the relevant Contract.
- 2.5 The consequential amendments to Annexe Two of the NYSE Liffe Trading Procedures are contained in the Attachment to this Notice.
- 2.4 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 Fixed Income Derivatives at NYSE Liffe.

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

Fixed Income Derivatives

+ 44 (0)20 7379 2222

stirs@liffe.com

NYSE Liffe Trading Procedures: Annexe Two – Recognised StrategiesNew text underlined, deleted text ~~struck through~~**LIFFE CONNECT® INTER-CONTRACT SPREAD STRATEGIES**

STRATEGY	TRS CODE	LIFFE CONNECT® STRATEGY CODE	Fut / Opt	FO	EO	FF	CF	CO	BRU	LIS	AMS	STRATEGY STRUCTURE - Buy perspective (Sequence in which the strategy order must always be entered, irrespective of whether it is a buy or sell order)
Three Month EONIA /EURIBOR Inter-Contract Spread ¹	IEX	Q	FUT	*	*	✓	*	*	*	*	*	Buy Three Month EONIA Swap Index Future (TRS code "EO3"); sell Euribor Future (TRS code "I"). (The delivery month in both legs must be the same.)

NOTES

1. For certain contracts, LIFFE CONNECT® will facilitate the Implied trading of both “implied outs” from strategies and “implied ins” from outright into strategies. However, only “implied out” prices and volumes will be reported across the API to connected front-ends, with the front ends being relied upon to generate “implied in” prices locally.

“Implied in” trading functionality has been implemented for Futures Butterflies. “Implied in” trading functionality has also been implemented for Packs and Bundles in the following contracts available on the London market: the Three Month Eurodollar Interest Rate Future, the Three Month Euroswiss Interest Rate Future and the One Month EONIA Future. “Implied in” trading functionality has been implemented for Strips (applies only to Strips in which the volume in each leg is the same) and Condors in the following contracts available for trading on the London market: Three Month Euro (EURIBOR) Interest Rate Future, the Three Month Eurodollar Interest Rate Future, the Three Month Sterling (Short Sterling) Interest Rate Future, the Three Month Euroswiss Interest Rate Future and the One Month EONIA Future. “Implied in” trading functionality has also been implemented for Call and Put Butterflies, Call and Put Ladders and 2x1 Ratio Call and Put Spreads in respect of all relevant contracts.

“Implied in” and “implied out” trading functionality has been implemented for Futures Calendar Spreads, Call/Put Spreads, Call/Put Calendar Spreads, Diagonal Calendar Spreads, Straddles, ~~and~~ Strangles and the Inter-contract Spread Strategy between the Three Month EONIA Swap Index Future and the Three Month Euro (EURIBOR) Interest Rate Future.