

## **LONDON NOTICE No. 3179**

ISSUE DATE: 29 July 2009  
EFFECTIVE DATE: 3 August 2009

### **THREE MONTH EONIA SWAP INDEX FUTURES CONTRACT**

### **LIQUIDITY PROVIDER SCHEME**

#### **Executive Summary**

This Notice informs Members of the extension to the Liquidity Provider Scheme in Three Month EONIA Swap Index Contract and details the application process.

#### **1. Introduction**

- 1.1 London Notice No. 3095, issued on 4 December 2008, informed Members of the extension to the Liquidity Provider Scheme for the One Month Euro Overnight Index Average ("EONIA") Indexed Futures Contract ("One Month EONIA Contract") and the Three Month EONIA Swap Index Futures Contracts ("Three Month EONIA Swap Index Contract") (the "EONIA LP Scheme") until 31 July 2009.
- 1.2 This Notice informs Members that the EONIA LP Scheme is to be extended for a further six months from 3 August 2009 but will no longer include the One Month EONIA Contract. The revised EONIA LP Scheme will be open to applications up to and including **30 November 2009**. Those who are already registered in the Scheme will be deemed to continue as members of the Scheme from 3 August 2009 unless the Exchange is otherwise notified on or before 31 July 2009.
- 1.3 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.

#### **2. Overview of the revised EONIA LP Scheme**

- 2.1 Those registered on the EONIA LP Scheme will benefit from a rebate of Exchange transaction fees on all eligible business transacted in the Three Month EONIA Swap Index Contract such that the net Exchange transaction fee will equate to 10 pence per lot, per side.

Web site: [www.nyx.com/liffe](http://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.

- 2.2 The Exchange transaction fee rebate is only available in respect of “Qualifying Business” transacted by individuals registered by the Exchange as EONIA LPs.
- 2.3 The revised EONIA LP Scheme will run until the close of business on **Friday 29 January 2010**.

### **3. Qualifying Business**

- 3.1 “Qualifying Business” is business which satisfies the following criteria:
- (a) executed in the Three Month EONIA Swap Index Futures Contract;
  - (b) assigned to a person registered by the Exchange as an EONIA LP; and
  - (c) proprietary business of the EONIA LP and not client business.
- 3.2 In general terms, an EONIA 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 Contract. A typical example of such behaviour is the frequent submission of orders into the LIFFE CONNECT<sup>®</sup> central order book to attract and satisfy customer order flow. Specifically, the Exchange defines an EONIA 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.
- 3.3 There is no volume threshold requirement in relation to the EONIA LP Scheme. Individuals can simply register with the Exchange and, if accepted, will benefit from the reduction in Exchange transaction fees in relation to Qualifying Business.

### **4. Application Process**

- 4.1 The EONIA LP application form can be found as an Attachment to this Notice and is available from Account Managers. Those wishing to apply for LP status should complete the form and submit it 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 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 Scheme.
- 4.3 Ultimately, it is the responsibility of the applicant to ensure that all information included on 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 Applications submitted near to the end of a month may not be approved until the next calendar month and 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 an EONIA LP, his Qualifying Business will be identified through a single unique entry in the User Specified field (a LIFFE CONNECT<sup>®</sup> field which translates into a single Account Reference in the Trade Registration System (“TRS”)) used exclusively by the EONIA 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<sup>®</sup> 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 next calendar month. The initial bill will be calculated on the basis of 25 pence per lot per side for all delivery months. The Exchange will then apply a reduction of 15 pence per lot per side for all registered EONIA LPs and make rebates to clearing members during the following calendar month.

## **7. Change in LP Details**

- 7.1 If a registered EONIA 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 EONIA 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 transaction fee rebates not being received.

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

Fixed Income Derivatives

+44 (0)20 7379 2222

stirs@liffe.com

**Terms and Conditions for the Three Month EONIA Swap Index Futures Contract Liquidity Provider Scheme**

**1. Introduction**

- 1.1 These Terms and Conditions, together with the Application Form (attached as Appendix 1) and London Notice No. 3179 and any amendments prescribed by the Exchange by London Notice from time to time (the “Agreement”), govern the participation of the Liquidity Provider (“LP”) in the scheme for Three Month EONIA Swap Index Futures Contract. The parties to this Agreement are the Exchange and the signatories to the Application Form.
- 1.2 Capitalised or italicised terms (not defined in these Terms and Conditions) shall have the meanings given to them in London Notice No. 3179, the Application Form or the Rules of the Exchange, as the case may be.

**2. LP obligations**

- 2.1 Where the LP is neither a Member of the Exchange nor a *responsible person*, the LP acknowledges and agrees that it shall be deemed a *relevant person* and agrees to be bound by the Rules (as amended from time to time).
- 2.2 The LP represents and warrants, both at the date of submission to the Exchange of the Application Form and throughout its participation in the Scheme, that the LP meets the relevant Exchange Definition of an LP as set out in London Notice No. 3179, as the same is amended from time to time by the Exchange.
- 2.3 The LP agrees that all market-assigned business submitted using the TRS Account Reference(s) provided by the LP on the Application Form will meet the definition of Qualifying Business, as the same is amended from time to time by the Exchange.
- 2.4 The LP agrees to provide immediate written notice to the Exchange in the event of any change to representations made under this clause 2 or information provided in the Application Form.

**3. Obligations**

- 3.1 Where the LP is not a Member of the Exchange, the Clearing Member and Member (if any) shall, to the extent practicable, ensure that the only market-assigned business submitted under the LP’s Account Reference(s) (as given in the Application Form) as Qualifying Business is business of the LP.
- 3.2 The Exchange will charge the Clearing Member the transaction fees at the applicable rate.
- 3.3 The Clearing Member and the Member (if a party to this Agreement) agree to pass on all the rebates received from the Exchange under the Scheme in accordance with any arrangements in place between the Clearing Member, the Member (if a party to this Agreement) and the LP.
- 3.4 Clause 3.3 shall not apply where the Exchange and the LP are the only parties to this Agreement.

#### **4. Payment of Rebates**

- 4.1 The Exchange will calculate the transaction fee charges based on the standard transaction fee per lot per side for all Qualifying Business using the Account Reference(s) provided on the Application Form. The Exchange will then calculate the rebate due in accordance with London Notice No. 3179 and any amendments thereto and pay the appropriate rebate in accordance with this Agreement. The Exchange will only credit rebates for Qualifying Business submitted using the precise TRS Account Reference provided by the LP on the relevant Application Form and the Exchange accepts no liability for any errors, omissions or any underpayment resulting from inaccurately submitted business.
- 4.2 In the event that any Qualifying Business under this Scheme may also qualify as business undertaken by the LP giving rise to a benefit under any other Exchange liquidity provision, market making or other similar scheme or arrangement (regardless of whether such scheme or arrangement is an “incentive scheme” within the FSA’s guidance), the Exchange may decide in its absolute discretion to take one or more of the following actions:
- a) not to credit any further rebates otherwise due under this Scheme;
  - b) to re-charge some or all of the discounted transaction fees made under this Scheme; and
  - c) to terminate this Agreement by notice to the parties with immediate effect.

#### **5. Term and Termination**

- 5.1 The Scheme will come into effect on 3 August 2009. This Agreement shall be effective upon approval by the Exchange of the completed Application form. The Exchange may give its approval at any time up until 31 December 2009.
- 5.2 The Exchange may terminate the Scheme in its entirety, and thereby this Agreement, at any time on seven days’ written notice.
- 5.3 The Exchange may terminate this Agreement by written notice with immediate effect on the occurrence of one or more of the following events:
- a) a material change in the ownership or the nature of the business and operations of the other party (or, where there is more than one other party, any of the other parties) which, in the Exchange’s opinion, might affect the performance of the obligations of that party under this Agreement (or, where there is more than one other party, the obligations of any of the other parties);
  - b) the other party (or, where there is more than one other party, any of the other parties), being a member of the Exchange, ceases to be a member of the Exchange, has its trading rights suspended or is declared a defaulter pursuant to the Rules;
  - c) any of the other parties is subject to criminal, regulatory or insolvency (or other analogous) proceedings;
  - d) the clearing agreement between the Member, if any, and the Clearing Member is terminated; and
  - e) the relationship between the LP, the Member, if any, and the Clearing Member is terminated.

- 5.4 In the event the Exchange determines, in its absolute discretion, that any of the other parties materially breaches or fails to perform any of its respective obligations under this Agreement, the Exchange may decide, in its absolute discretion, to take one or more of the following actions:
- a) to terminate this Agreement by notice to the parties with immediate effect;
  - b) not to credit some or all of the rebates for the period or periods affected by the breach or failure or any future period; and
  - c) to re-charge some or all of the discounted transaction fees in respect of any period affected by the breach or failure.

## **6. Liability**

- 6.1 On termination of the Scheme or this Agreement for whatever reason, the other party (or where there is more than one, the other parties) shall have no claim against the Exchange for damages or compensation of whatever nature.
- 6.2 Termination of this Agreement shall not affect the accrued rights and obligations of any of the parties except that the Exchange reserves the right not to credit rebates where this Agreement is terminated pursuant to clause 5.3(c) or clause 5.4.

## **7. Miscellaneous**

- 7.1 Any notice required to be given pursuant to this Agreement shall be in writing and may be given electronically, by facsimile, by hand or by post to the address of the relevant party which appears on the Application Form or which is notified to each of the other parties from time to time for that purpose. Any such notice shall be deemed received when sent except in the case of delivery by post which shall be deemed received 24 hours after posting (if sent to an address in the United Kingdom mainland) or three working days after posting if sent to an address outside the United Kingdom.
- 7.2 No party to this Agreement may assign, sub-contract or delegate any of its rights or obligations under this Agreement without the prior written consent of the other parties.
- 7.3 A person who is not a party to this Agreement shall have no right under the Contract (Rights of Third Parties) Act 1999 to enforce any term of this Agreement but this shall not affect any right or remedy of a third party which exists or is available apart from that Act.
- 7.4 In the event of any conflict between this Agreement and the Rules, the Rules shall prevail.
- 7.5 This Agreement (together with any disputes arising under or in connection with this Agreement) shall be governed by English law and the parties submit to the exclusive jurisdiction of the English courts.

**July 2009**

**Application Form for the Three Month EONIA Swap Index Contract Liquidity Provider Scheme**

THE LP SHOULD COMPLETE THIS FORM IN BLOCK CAPITALS ENSURING SUCH INFORMATION IS CLEAR & CORRECT; FAILURE TO DO SO MAY RESULT IN A REDUCED OR ZERO DISCOUNT OF TRANSACTION FEES

If you need any assistance to complete this form, please contact your NYSE Liffe Account Manager

**Liquidity Provider Details**

Name of applicant

..... (the "LP")

Telephone Number.....Mobile.....

Email.....

Primary Trading Location.....

.....

**User Specified field(s) on LIFFE CONNECT®**  
**Account Reference(s) on Trade Registration System (TRS)**

.....

*Members and Clearing Members may need to attach a separate sheet listing non-segregated Account References*

By signing this Agreement, the LP agrees to be bound by its terms

**Signature**

**Date**

**Member Authorisation** (this section can be left blank where the LP is a Member or where the LP's Member is a clearing member)

Full legal name

..... (the "Member")

By signing this Agreement, the Member agrees to be bound by its terms

**Signature**

**Date**

**Name of signatory**

**Position**

**Clearing Member Authorisation** (this section can be left blank if the LP is a clearing member)

Full legal name

..... (the "Clearing Member")

By signing this Agreement, the Clearing Member agrees to be bound by its terms

**Signature**

**Date**

**Name of signatory**

**Position**