

LONDON NOTICE No. 3158

ISSUE DATE: 26 May 2009
EFFECTIVE DATE: 27 July 2009

LAUNCH OF NYSE LIFFE CLEARING

Executive Summary

This Notice advises Members of new clearing arrangements which are targeted to come into force on Monday 27 July 2009. In particular, this Notice advises Members that LIFFE Administration & Management (“LIFFE”) will replace LCH.Clearnet Ltd (“LCH”) as the Central Counterparty (“CCP”) in respect of LIFFE Contracts and of the impact of this change in arrangements.

1. Introduction

- 1.1 On 30 October 2008, LIFFE and LCH entered into binding agreements to terminate LIFFE’s current clearing arrangements and to put in place new arrangements. These enable LIFFE to become a self-clearing Recognised Investment Exchange, acting as CCP for the London market of NYSE Liffe and managing its own London clearing operations directly through NYSE Liffe Clearing. In continuance of the long-standing relationship between LIFFE and LCH, LIFFE has appointed LCH to provide a number of clearing services to LIFFE in support of the new arrangements, comprising settlement services, risk and default management and certain ancillary services, including treasury management and fee invoicing and collection.
- 1.2 **LIFFE has obtained approval in principle from the Financial Services Authority for these new arrangements;** accordingly, termination of the existing clearing arrangements and commencement of the new arrangements between LIFFE and LCH are targeted for **Monday 27 July 2009** (the “Go-Live Date”) on which date NYSE Liffe Clearing will commence operations. Confirmation of the Go-Live Date will be advised to Members in due course, following a period of review by members of the proposed documentation (e.g. amendments to Rules and Clearing Agreements) which incorporates the new arrangements.
- 1.3 Members should note that this change in arrangements for the London market of NYSE Liffe has no impact upon the clearing and settlement of NYSE Liffe’s other (continental European) markets through LCH.Clearnet SA.

2. Impact for Members

- 2.1 Whilst the new clearing arrangements will require Members to sign new Clearing Agreements, the nature of these arrangements and the continued provision of certain clearing

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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.

services through their outsourcing to LCH mean that all other changes are focused on amendments to LIFFE's Rules and LCH's Regulations and Procedures. The detailed Rule changes will be published shortly and will include the introduction of real-time trade registration.

- 2.2 There will be no significant operational or technical changes for Members, as the current post-trade and clearing systems (TRS/CPS) will continue to be used for NYSE Liffe Clearing. The existing NYSE Liffe business and NYX Technologies staff supporting those systems will continue to provide that service. There will be no changes made to Members' log-ons or passwords for TRS/CPS and no connectivity changes. In addition, Members will not be required to make any amendment to their collateral, PPS or settlement arrangements with LCH. Accordingly, Members are not required to conduct any testing prior to the Go-Live Date.

3. Further details

- 3.1 In line with the target go-live date of 27 July 2009, the Exchange will shortly publish further details in support of these new arrangements relating to:
- (a) the new Member Clearing Agreements; being the Tripartite Clearing Membership Agreement between LIFFE, LCH and the Clearing Member; and the Non-Clearing Member Agreement between LIFFE, the Clearing Member and the Non-Clearing Member;
 - (b) amendments to the LIFFE Rules, including the Default Rules;
 - (c) a commitment to rebate to Clearing Members 50% of LIFFE related Treasury income and to hold clearing fees at current levels, for three years (as set out in the Exchange's letter of 31 October 2008 to Members); and
 - (d) the updating of LIFFE's no action letter with the SEC in relation to UK equity option contracts.

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

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