

LONDON NOTICE No. 3133

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

INTER-CONTRACT SPREAD LIQUIDITY PROVIDER SCHEME

Executive Summary

This Notice informs Members of the extension to the Liquidity Provider Scheme in inter-contract spreads between the Three Month EONIA Swap Index Futures Contract and the Three Month Euro (EURIBOR) Interest Rate Futures Contract and invites Members and appropriate clients of Members to apply.

1. Introduction

1.1 London Info-Flash No. LO08/31, issued on 15 December 2008, informed Members of the extension to, and revision of, the terms of the Inter-contract Spread Liquidity Provider Scheme (“ICS LP Scheme”). London Notice No. 3118, issued on 9 February 2009, informed Members of the introduction of a new LIFFE CONNECT[®] Recognised Strategy for inter-contract spreads between the Three Month Euro (EURIBOR) Interest Rate Futures Contract (“Euribor Futures”) and the Three Month EONIA Swap Index Futures Contract (“Three Month EONIA Futures”). London Notice No. 3120, issued on 11 February 2009, informed Members of an amendment to the terms of the existing ICS LP Scheme.

1.2 This Notice informs Members of an extension to the ICS LP Scheme. The extended ICS LP Scheme will run until the close of business on **Monday 31 August 2009**. Participants registered in the previous ICS LP Scheme will be automatically grandfathered into the revised scheme.

2. Benefits of the ICS LP Scheme

2.1 Under the terms of the ICS LP Scheme, approved ICS LPs who have registered their account references with the Exchange will receive a 100% Exchange transaction fee rebate on all proprietary business transacted in inter-contract spreads between Three Month EONIA Futures and Euribor Futures on a one for one basis, capped to a maximum monthly limit of 200,000 lots each of Euribor Futures and Three Month EONIA Futures, i.e. a maximum of 200,000 Euribor/Three Month EONIA Futures spreads.

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.

3. Qualifying Business

- 3.1 The Exchange transaction fee rebate will only be available in respect of “Qualifying Business” transacted by individuals registered by the Exchange as ICS LPs.
- 3.2 “Qualifying Business” is business which satisfies the following criteria:
- (a) business executed as an inter-contract spread between Three Month EONIA Futures and Euribor Futures, either using the Recognised Strategy functionality or using the Asset Allocation Facility;
 - (b) proprietary business of the ICS LP and not client business; and
 - (c) business executed on LIFFE CONNECT[®] by the ICS LP and not assigned to any other person.
- 3.3 In general terms, an ICS 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 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 an ICS 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.
- 3.4 Any Euribor Futures leg of the inter-contract spread which falls within the definition of “Qualifying Business” for the purposes of the ICS LP Scheme will be automatically excluded from being deemed to be “Qualifying Business” for the purposes of any other Exchange scheme.

4. Application Process

- 4.1 The ICS LP Scheme application form will be available from Account Managers and on the NYSE Euronext website at www.nyx.com/liffe. Those wishing to apply for ICS LP status should complete the application form and submit it to their Account Manager.
- 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 The Exchange’s decision as to whether applications should be approved for LP status shall be final and binding.

5. Identification of Qualifying Business

- 5.1 Once an individual has been registered as an ICS LP, his Qualifying Business will be identified through a single unique entry in the User Specified field (a LIFFE CONNECT[®]

field which translates into a single Account Reference in the Trade Registration System (“TRS”)) used exclusively by the ICS 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 made.
- 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.
- 5.5 If a registered ICS 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 ICS 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.

6. Billing Arrangements

- 6.1 Exchange transaction fees will be billed to clearing members shortly after the end of each month on the basis of 25 pence per lot per side for all delivery months. Fees paid in respect of volume transacted at or below the monthly cap will be rebated to clearing members in the following month on the basis of the relevant Exchange transaction fee, e.g. fees arising from transactions in April will be paid in May and rebated in June.

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

Fixed Income Derivatives

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