

LONDON NOTICE No. 3272

ISSUE DATE: 31 March 2010
EFFECTIVE DATE: 1 April 2010

EXTENSION OF AND REVISION TO THE NEW MARKET PARTICIPANTS SCHEME FOR FUTURES CONTRACTS

Executive Summary

This Notice informs Members of the extension of, and revision to, the Scheme for New Market Participants.

1. Introduction

- 1.1 London Notice No. 3126, issued on 11 March 2009, informed Members of the renewal of the New Market Participants Scheme (the “Scheme”) in respect of London futures contracts (excluding commodity contracts) until close of business on 31 March 2010.
- 1.2 This Notice informs Members of the renewal of, and revision to, the Scheme for a further twelve months from 1 April 2010 to 31 March 2011. The Scheme will be open to applications up to and including **28 February 2011**.

2. Eligibility for the Scheme

- 2.1 The Scheme is only open to individual traders who are new participants in the London futures market. For the purpose of the Scheme, a New Market Participant is defined as an individual:
- (a) who has no prior derivatives trading experience, who is undergoing training which involves trading London futures contracts, and who will support and enhance the liquidity of those contracts;
 - (b) whose principal activities will 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
 - (c) whose trading activity will contribute to price discovery and will satisfy the futures order flow of other market participants.
- 2.2 To be eligible, traders must also continue to receive suitable training support within their trading firm. Members are reminded of their overarching obligations under the Rules to

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organise and control their affairs in a responsible manner and to ensure that all staff involved in LIFFE business are suitable, adequately trained and properly supervised. Relevant guidance in this respect was issued under cover of Circular No. 99/28 on 25 February 1999.

- 2.3 Each individual applying for inclusion in the Scheme may participate for a maximum period of twelve months (the “Twelve Month Scheme”). Those participants currently registered on the Scheme which provides capped rebates for a period of six months (the “Six Month Scheme”) will be grandfathered into the Twelve Month Scheme with effect from 1 April 2010 on the terms set out herein and may participate for a maximum of twelve months in aggregate, taking into account their participation in the Six Month Scheme.
- 2.4 Those currently registered on the Six Month Scheme who do not wish to be grandfathered into the Twelve Month Scheme and instead wish to remain on the Six Month Scheme, must notify the Exchange in writing by close of business on 30 April 2010.
- 2.5 Individuals registered for inclusion in the Scheme are excluded from registration in 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) during the period of their inclusion in the New Market Participants Scheme.

3. Qualifying Business

- 3.1 Business which satisfies the following criteria will qualify for a capped volume discount. Under the Scheme, such “Qualifying Business” must be:
 - (a) executed in the following futures contracts:
 - Three Month Euro (EURIBOR) Interest Rate Futures Contract;
 - Three Month Sterling (Short Sterling) Interest Rate Futures Contract;
 - Three Month Euro Swiss Franc (Euroswiss) Interest Rate Futures Contract;
 - Three Month EONIA Swap Index Futures Contract;
 - Long, Medium and Short Gilt Futures Contracts;
 - Two Year, Five Year, and Ten Year Euro Swapnote[®] Futures Contracts;
 - FTSE 100 Index Futures Contract;
 - (b) executed by, and assigned to, a person registered by the Exchange as a participant in the Scheme (the “NMP”); and
 - (c) own/proprietary account business of the NMP (see paragraph 2.1(b) above), and not client business.
- 3.2 The purpose of the Scheme is to encourage new traders who intend to trade for their own or proprietary accounts. Therefore, individuals who intend also to execute business on behalf of clients while participating in the Scheme should inform the Exchange.

4. Benefits

- 4.1 Each NMP will benefit from fully rebated Exchange transaction fees for Qualifying Business, subject to a monthly cap for a period of twelve months, as follows:

Month	Monthly Cap
Months One and Two	Up to 2,000 lots per month
Months Three and Four	Up to 3,500 lots per month
Months Five and Six	Up to 4,500 lots per month
Months Seven and Eight	Up to 6,000 lots per month
Months Nine and Ten	Up to 7,500 lots per month
Months Eleven and Twelve	Up to 10,000 lots per month

4.2 In circumstances where eligible contracts have different Exchange transaction fees, within the relevant monthly cap the Exchange shall calculate rebates due on such contracts beginning with those which attract the highest transaction fee. Any business executed in excess of the monthly levels set out in paragraph 4.1 will attract the normal Exchange transaction fee for the futures contract concerned and such business shall not attract any rebates.

4.3 Standard clearing fees of 3p per side, per lot will continue to apply to all business transacted by NMPs in the Scheme.

5. Application Process

5.1 Application forms for Members wishing to apply for eligible traders to be included in the Scheme are available from Account Managers or on the NYSE Liffe website (www.nyx.com/stirlpschemes). The Exchange's decision as to whether applications should be approved shall be final and binding.

5.2 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.

5.3 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.

5.4 Applications submitted near to the end of a month may not be approved until the following calendar month. Only volume assigned to the NMP on and after the first trading day of the calendar month following the month in which the application was approved will be Qualifying Business.

6. Identification of Qualifying Business

6.1 Once an individual has been registered on the New Market Participant Scheme, his Qualifying Business will be identified through a single unique entry in the User Specified field (a LIFFE CONNECT[®] field that translates into a single Account Reference in the Trade Registration System ("TRS")) used exclusively by the NMP and solely for his activity in that capacity.

6.2 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 rewarded.

6.3 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.

6.4 **The Exchange stresses that any underpayment of transaction fee rebates resulting from inaccurate application/registration details will not be corrected retrospectively by the Exchange.**

6.5 If a NMP decides to make changes to the trading and/or clearing arrangement 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 NMP 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 no transaction fee discounts being received.

7. **Billing Arrangements**

7.1 Transaction fees will be billed to clearing members shortly after the end of each month, on the basis of the standard Exchange transaction fee for the futures contract concerned. 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.

7.2 In the event that any business which may give rise to a benefit under the terms of the New Market Participant Scheme may also qualify as business 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 reserves the right in its absolute discretion to take one or more of the following actions:

- (a) not to credit any further rebates otherwise due under the Scheme;
- (b) to re-charge some or all of the discounted transaction fees effected under the Scheme; and
- (c) to terminate the New Market Participant Scheme Agreement by notice to the parties with immediate effect.

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

Fixed Income Derivatives

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