

## LONDON NOTICE No. 3273

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

### SHORT TERM INTEREST RATE FUTURES CONTRACTS

### LIQUIDITY PROVIDER SCHEME FOR MEMBERS

#### Executive Summary

This Notice informs Members of revisions to the Liquidity Provider Scheme for Members in Short Term Interest Rate (“STIR”) Futures Contracts (the “Member SLP Scheme”).

#### 1. Introduction

- 1.1 This Notice informs Members of the removal of the volume threshold participation requirement and a revision to the fee structure of the Member SLP Scheme which was detailed in London Notice No. 2825, issued on 13 December 2006.
- 1.2 Members currently registered on the Member SLP Scheme (the “participants”), shall remain registered on the Member SLP Scheme with effect from 1 April 2010, unless the Exchange is otherwise notified in writing.
- 1.3 The Exchange invites appropriate Members who are not currently registered on the Member SLP Scheme to apply. The revised Member SLP Scheme will run for a twelve month period from **1 April 2010 to the close of business on 31 March 2011** inclusive.

#### 2. Revised Member SLP Fee Structure

- 2.1 Subject to the terms and conditions in this Notice, on and from 1 April 2010 the monthly volume thresholds set out in the Attachment to London Notice No. 2825 shall be amended as detailed in the Member SLP Scheme Fee Schedule below.

Member SLP Scheme - Fee Schedule		
Monthly Volumes	Fee	Rebate
Lots 0 – 200,000	0.25	0.00
Lots 200,001 – 400,000	0.22	0.03
Lots 400,001 – 600,000	0.20	0.05
Lots 600,001 – 1,000,000	0.18	0.07
Lots 1,000,001 – 2,000,000	0.17	0.08
Lots 2,000,001 – 2,500,000	0.16	0.09
Lots >2,500,000	0.15	0.10

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 For the avoidance of doubt, the Fee Schedule set out in the Attachment to London Notice No. 2825 shall be terminated with effect from close of business on 31 March 2010.
- 2.3 The Member SLP Scheme shall provide participants who transact a minimum of 200,000 lots of combined proprietary business in Three Month Euro (Euribor), Three Month Sterling (Short Sterling) and Three Month Euro Swiss Franc (Euroswiss) Interest Rate Futures Contracts (together the “Contracts”) during a calendar month with an Exchange transaction fee rebate as detailed in paragraph 2.1.
- 2.4 The net Exchange transaction fees will be effected by way of rebates in the normal manner and will only be available in respect of Qualifying Business (as described in paragraph 4) transacted by a participant.
- 2.5 For the avoidance of doubt, clearing fees of 3 pence per lot, per side will be applied as normal.

### **3. Member SLP**

- 3.1 In general terms, a liquidity provider supports and enhances the liquidity of LIFFE’s STIR Futures Contracts through their trading activity (involving behaviour such as price improvement and the facilitation of order flow). 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 in relation to the Member SLP Scheme, the Exchange defines a liquidity provider as:
- (a) a Member whose principal activities include trading futures on a discretionary basis for its proprietary account; and
  - (b) whose trading activity contributes to price discovery and satisfies the futures order flow of other market participants.

### **4. Qualifying Business**

- 4.1 Qualifying Business is business which satisfies the following criteria:
- (a) executed in the Contracts and assigned to a Member registered by the Exchange as a participant; and
  - (b) proprietary business of the Member registered as a participant and not client business.

### **5. Application Process**

- 5.1 Member SLP Scheme application forms are available on the NYSE Liffe website at [www.nyx.com/liffe](http://www.nyx.com/liffe) or can be obtained from Account Managers. Those wishing to participate in the Member SLP Scheme should complete the application form and submit it to their Account Manager. 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 these Terms and Conditions as the Terms and Conditions and applicable Notices govern the participation in the Scheme.
- 5.3 Ultimately, it is the responsibility of the applicant to ensure that all information submitted in 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 / discounts.

5.4 Where an application for participation in the Member SLP Scheme is approved by the Exchange in a particular calendar month, only volume assigned to the applicant on and after the first trading day of the following calendar month will be Qualifying Business. For example, if the SLP status is approved by the Exchange during May 2010, the June 2010 volume will be the first monthly volume considered as Qualifying Business. For applicants wishing to participate in the Member SLP Scheme from April 2010, the Exchange will accept applications up until 30 April 2010.

## **6. Identification of Qualifying Business**

6.1 Once a Member has been registered as a participant, its trading volume will be identified using its unique LIFFE Member Mnemonic, unique TRS Account Reference and the following accounts:

- (a) “House”; and /or
- (b) “Non-Segregated”

NB. The Exchange recognises that Members may allocate their proprietary business to the House account and/or to the Non-Segregated account. It is the Member’s responsibility to highlight, at the application stage, the account (“H” or “N”) to which the proprietary business is to be allocated and to provide the Exchange with the unique Account Reference(s) by which this business may be identified in TRS as non-customer business.

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 / discounts would be awarded.

6.3 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 their Qualifying Business accurately.

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

6.5 In the event that any business which may give rise to a benefit under the terms of the Member SLP Scheme may also qualify as business undertaken by the participant giving rise to a benefit under any other Exchange market making, liquidity provision 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 Member SLP Scheme;
- (b) to re-charge some or all of the discounted transaction fees effected under the Member SLP Scheme; and
- (c) to terminate the Member’s participation in the Member SLP Scheme by notice to the parties with immediate effect.

## **7. Billing Arrangements**

- 7.1 The Exchange transaction fees will be billed (as they are currently) to clearing members at the beginning of the following calendar month. This initial bill is calculated on the basis of the standard transaction fee per lot, per side for all delivery months. The Exchange will then calculate the volume discount on Qualifying Business for approved SLPs and make rebates to clearing members during the following calendar month. For example, rebates for Qualifying Business transaction in April 2010 will be calculated in May 2010 for payment to clearing members at the beginning of June 2010.

## **8. Change of Member SLP Participant Details**

- 8.1 If a Member registered on the Member SLP Scheme 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, Account Code and Account Reference details), it is the responsibility of the participant to provide the Exchange with formal prior notification of such amendments in a timely manner. Failure to do so could result in inaccurate registrations and no transaction fee discounts being received.

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

Fixed Income Derivatives

+44 (0)20 7379 2222

[stirs@liffe.com](mailto:stirs@liffe.com)