

LONDON NOTICE No. 3256

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AMENDMENTS TO THE RULES RELATING TO THE BCLEAR SERVICE

Executive Summary

This Notice informs Members of amendments to the Rules relating to the Bclear Service which have been made to enable OTC Trades organised outside of Bclear business hours to be submitted to Bclear and to clarify that OTC Trades which are not confirmed by the Exchange are not subject to the LIFFE Rules.

1. Introduction

1.1 This Notice informs Members of two amendments to the Rules relating to the Bclear Service:

- (a) an amendment to the reporting requirements relating to the submission of OTC Trades to the Bclear Service to facilitate OTC Trades organised outside of Bclear business hours to be reported to the Bclear Service; and
- (b) clarification that OTC Trades which have been submitted to the Bclear Service and which the Exchange has declined to confirm are not Contracts in the Terms of an Exchange Contract and are not subject to the LIFFE Rules.

2. Amendment to Reporting Requirements

2.1 Currently, LIFFE Rule 12.7.4 requires OTC Trades to be submitted to Bclear as soon as practicable, and in any case not later than one hour after they have been entered into. The Exchange believes the existing Rule may, as it stands, constitute a barrier to OTC business being reported to the Exchange i.e. those OTC transactions which are agreed outside normal Bclear business hours.

2.2 The revised Rules retain the requirement to report OTC Trades as soon as practicable and stipulate that those OTC Trades organised during Bclear business hours should be submitted within one hour of the OTC Trade being entered into or by the close of the Bclear Service, whichever is earlier. However, the new Rules also permit OTC Trades organised at any time outside of Bclear business hours to be submitted to Bclear within one hour of the Bclear Service next becoming available.

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.

- 2.3 Members should note that OTC Trades will be assigned a “Trade Date” on Bclear and the Trade Registration System; the Trade Date is the date on which the OTC Trade is reported to Bclear and therefore may differ from the date on which the terms were agreed.
- 2.4 For the avoidance of doubt, the time at which trading ceases on the Last Trading Day of a Contract shall also constitute the last time by which any OTC Trade in that Contract must be reported to Bclear.
- 3. Rejected OTC Trades**
- 3.1 LIFFE Rule 12.3.3 has been amended to clarify that if the Exchange declines to confirm an OTC Trade and the parties thereto nonetheless agree to be bound to the OTC transaction to which it relates, such OTC transaction shall not be a Contract in the Terms of an Exchange Contract and will therefore not be subject to LIFFE’s Rules.

For further information in relation to this Notice, Members should contact their Account Manager or the following:

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The London International Financial Futures and Options Exchange Rules – Book II

Amendments to Section 12 – Bclear Service
(Additions are underlined, deletions are ~~struck through~~)

- 12.3.3 If the *Exchange* declines to confirm an *OTC Trade* under LIFFE Rule 12.7.6 which has been reported to it through the Bclear Service, LIFFE Rules 12.3.1 and 12.3.2 shall not apply and such *OTC Trade* shall lapse unless the parties thereto agree to remain bound by the *OTC transaction* to which the *OTC Trade* relates. Such *OTC transaction* to which the *OTC Trade* relates shall not be a *Contract in the Terms of an Exchange Contract* and will not be subject to the *LIFFE Rules*.

and

- 12.7.4 An *OTC Trade Reporting Member* must submit to the *Exchange* the details of the *OTC Trade* described in LIFFE Rule 12.7.3(b) to (m), as applicable, as soon as practicable. In any event, the details of ~~the~~ an *OTC Trade* entered into during Bclear business hours must be submitted by the *OTC Trade Reporting Member* within one hour of the time at which the *OTC Trade* was entered into or by the close of the *Bclear Service* on that day, whichever is earlier. *OTC Trades* entered into outside of Bclear business hours must be submitted by the *OTC Trade Reporting Member* within one hour of the *Bclear Service* next becoming available. *OTC Trades* shall be reported by the means specified by *Notice*. *Members* must not delay the reporting of *OTC Trades*.
- 12.7.5 The time limit for the submission of *OTC Trades* commences as soon as there is verbal agreement on the terms of the *OTC Trade*.