

## LONDON NOTICE NO. 3703

Issue Date: 22 March 2013

Effective Date: 2 April 2013

### SHORT TERM INTEREST RATE ("STIR") FUTURES CONTRACTS

#### U.S. LIQUIDITY PROVIDER PROGRAMME

##### Executive Summary

This Notice informs Members of the extension of the Liquidity Provider Programme in respect of Short Term Interest Rate ("STIR") Futures Contracts for eligible proprietary traders based in the United States. The Programme will be effective from 2 April 2013 to 28 June 2013 inclusive.

#### 1. Introduction

- 1.1 London Notice No. [3582](#), issued on 30 March 2012, informed Members of the extension of the U.S. Liquidity Provider Programme ("the USLP Programme") in respect of Short Term Interest Rate ("STIR") Futures Contracts for eligible proprietary traders based in the United States.
- 1.2 This Notice informs Members that the USLP Programme will be extended for a period of three months from **2 April 2013 to 28 June 2013**, based on existing terms and conditions.

#### 2. Benefits of the U.S. Liquidity Provider Programme

- 2.1 This USLP Programme offers U.S. based proprietary traders who are registered on the U.S. Liquidity Provider Programme ("USLPs") reduced Exchange trading fees as detailed in the table below:

USLP Fee Structure		
Monthly Volume (lots)	Net Fee per lot per side	Fee Rebate per lot per side
0 – 1,500	£0.25	£0.00
1,501 – 15,000	£0.20	£0.05
15,001 – 27,000	£0.15	£0.10
27,001 – 40,000	£0.10	£0.15
> 40,000	£0.25 <sup>1</sup>	£0.00

- 2.2 Reduced Exchange trading fees will be granted by way of rebates and will only be available in respect of Qualifying Business transacted by the USLP.

<sup>1</sup> The USLP Programme is designed as an introduction to LIFFE STIR Futures for U.S. based participants, consequently the benefits are capped at 40,000 lots.

- 2.3 For the avoidance of doubt, the standard clearing fee of 3 pence per side, per lot will continue to apply.
- 2.4 Participants registered on the USLP Programme may also be registered on other Exchange Liquidity Provider Programmes in respect of the Three Month Euro (EURIBOR), Three Month Euro Swiss Franc (Euroswiss), and/or Three Month Sterling (Short Sterling) Interest Rate Futures Contracts (collectively the “STIR LP Programmes”). In such cases, business assigned to account references registered by the participant on any of the STIR LP Programmes will not be eligible for any benefits under the USLP Programme as specified in Section 2.1, whilst the participant remains registered on the USLP Programme. Details concerning those STIR LP Programmes can be found on the NYSE Euronext website ([www.nyx.com/stirlpprogrammes](http://www.nyx.com/stirlpprogrammes)).
- 2.5 U.S. proprietary traders who are currently registered with the Exchange on the USLP Programme and who have transacted Qualifying Business during the last 6 months from 3 September 2012 to 29 March 2013 will be deemed to continue on the USLP Programme on and from 2 April 2013. All inactive registered participants during the same period will be required to re-apply or will otherwise be de-registered from the USLP Programme on and from 2 April 2013. Participants who no longer wish to participate on the USLP Programme must inform the Exchange by written notice as soon as is reasonably possible.

### **3. Qualifying Business**

- 3.1 “Qualifying Business” shall be business which satisfies the following criteria:
- (a) is executed in the Three Month Euro (EURIBOR), Three Month Sterling (Short Sterling), and Three Month Euro Swiss Franc (Euroswiss) Interest Rate Futures Contract (together the “Contracts”);
  - (b) is assigned to a person registered by the Exchange as a USLP on the USLP Programme; and
  - (c) is proprietary business of the USLP and not client business.

### **4. Eligibility Criteria for the USLP Programme**

- 4.1 To be eligible to participate in the USLP Programme, traders must be U.S. based proprietary traders:
- (a) who are registered with the CFTC as floor traders or floor brokers and whose principal activities include trading futures on a discretionary basis for their own account; or
  - (b) whose principal activity is trading futures on a discretionary basis for their own account; or
  - (c) who are trading for the account of a U.S. entity whose principal activity is trading futures on a discretionary basis, such as proprietary trading groups, trading arcades and other institutional trading entities deemed eligible by the Exchange at its absolute discretion.

## **5. Identification of Qualifying Business**

- 5.1 Once an individual has been registered on the USLP Programme, their Qualifying Business will be identified through a single unique entry into the User Specified field, a field that translates into a single Account Reference in the Universal Clearing Platform (“UCP”) used exclusively by that individual and solely for their activity in that capacity.
- 5.2 Applicants should be aware that after a trade enters UCP, the Account Reference field can be amended through UCP post trade processing any time up until 21:30 hours (London time) on the same business day. As such, applicants should ensure that they submit in their application the final Account Reference based on market assigned trades for the Exchange to identify Qualifying Business accurately.
- 5.3 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 trading fee rebates would be awarded.
- 5.4 **The Exchange stresses that any underpayment of trading fee rebates resulting from inaccurate application/registration details will not be corrected retrospectively by the Exchange.**
- 5.5 If the USLP 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 USLP to provide the Exchange with formal notification of such amendments in a timely manner, ideally in advance and in all cases by no later than close of business on the last business day of the month in which the change occurred. If this is not done, then only volumes transacted during the calendar month in which the notification of changes was received by the Exchange will be eligible for the benefits specified in section 2 above.

## **6. Billing Arrangements**

- 6.1 In relation to the Contracts, Exchange trading 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 Exchange trading fee (currently 25 pence) per lot, per side for all delivery months.
- 6.2 The Exchange will calculate the rebates on Qualifying Business and make rebates directly to the USLP through their designated bank account (as provided on the application form), one month in arrears. For example, rebates for Qualifying Business transacted in April 2013 will be transferred to the USLP’s bank account in May 2013.
- 6.3 In the event that any Qualifying Business which may give rise to a benefit under the terms of the USLP Programme may also qualify as business giving rise to a benefit under any other Exchange liquidity provision, market making or other similar programme or arrangement (“Other Arrangement”) (regardless of whether such programme or arrangement is an “incentive scheme” within the FSA’s guidance), the Exchange will in its absolute discretion to take one or more of the following actions:
- (a) withhold the credit of any further rebates otherwise due under the Other Arrangements;

- (b) withhold the credit of any further rebates otherwise due under the USLP Programme;
- (c) re-charge some or all of the rebates made under the Other Arrangements or the USLP Programme; and
- (d) terminate the Agreement governing the USLP Programme by notice to the parties with immediate effect.

## **7. Application Process**

- 7.1 Members may register eligible U.S. based proprietary traders at any time throughout the duration of the USLP Programme, up to and including the penultimate month of the Programme. To benefit from the rebate of Exchange trading fees in a particular calendar month, eligible U.S. proprietary traders must be registered with the Exchange at least five business days prior to the last business day of that calendar month.
- 7.2 Members wishing to register individual U.S. proprietary traders in the USLP Programme should request a copy of the formal Terms and Conditions in respect of the USLP Programme and an application form from Colleen Herbert. The Exchange reserves the right to limit participation in the USLP Programme and shall accept individuals for participation at its absolute discretion.
- 7.3 The Exchange reserves the right in its absolute discretion to terminate the USLP Programme by Notice.

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

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