

## LONDON NOTICE NO. 3707

Issue Date: 27 March 2013

Effective Date: 2 April 2013

### INTEREST RATE FUTURES CONTRACTS

#### NEW MARKET PARTICIPANT PROGRAMME

##### Executive Summary

This Notice informs Members of the extension to the application deadline for the New Market Participant Programme in respect of Interest Rate futures contracts, and invites participants to apply.

#### 1. Introduction

- 1.1 London Notice No. [3584](#), issued on 20 March 2012, informed Members of the extension to the application deadline for the Interest Rate New Market Participant ("IRNMP") Programme in respect of LIFFE futures contracts until close of business on 29 March 2013.
- 1.2 This Notice informs Members that the application deadline for the IRNMP Programme will be further extended for a period of three months based on the same terms and conditions. Participants who are new to trading LIFFE Interest Rate futures contracts are invited to apply. The Programme will be open to applications up to and including 28 June 2013.

#### 2. Benefits of the IRNMP Programme

- 2.1 Under the IRNMP Programme, approved participants will be eligible for a full Exchange trading fee rebate in respect of Qualifying Business for a period of twelve calendar months commencing from the month in which they are approved on the IRNMP Programme, up to a maximum of 70,000 lots in aggregate across any of the following Interest Rate futures contracts (the "Contracts"):
  - Three Month Euro (EURIBOR<sup>®</sup>) 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; and
  - Two Year, Five Year, and Ten Year Euro Swapnote<sup>®</sup> Futures Contracts.
- 2.2 In circumstances where Qualifying Business attracts different Exchange trading fees, within the maximum allowance of 70,000 lots, or within the period of 12 calendar months, whichever occurs first, the Exchange shall calculate rebates due on such contracts beginning with those which have the highest trading fees. Any business executed in excess of the maximum allowance or after the

12 calendar month period (whichever occurs first) will be charged at the standard Exchange trading fee for the futures contract concerned and such business shall not be eligible for any rebates.

- 2.3 For the avoidance of doubt, standard clearing fees of 3 pence per side, per lot will continue to apply for all business transacted by participants registered on the IRNMP Programme.
- 2.4 Full details of NYSE Liffe's Subscriptions, Fees and Charges are available on the NYSE Euronext website ([www.nyx.com/subsfeescharges](http://www.nyx.com/subsfeescharges)).

### **3. Eligibility for the Programme**

- 3.1 The Programme is only open to individual traders who are new to trading the Contracts set out in section 2.1 above. For the purpose of the IRNMP Programme, an IRNMP is defined as an individual:
- (a) who has no prior experience of trading any of the Contracts, who is undergoing training which involves trading the 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.
- 3.2 To be eligible, traders must continue to receive suitable training support within their trading firm. Members are reminded of their overarching obligations under the Rules to organise and control their affairs in a responsible manner and to ensure that all staff members 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.
- 3.3 Each individual applying for inclusion in the IRNMP Programme may participate for a maximum period of twelve calendar months, or until they have traded 70,000 lots, whichever occurs first.
- 3.4 Individuals registered for inclusion in the IRNMP Programme are excluded from registration in any other Exchange liquidity provision, market making or other similar programme or arrangement (regardless of whether such programme or arrangement is an "incentive scheme" within the FSA's guidance) in respect of the Contracts during the period of their inclusion in the IRNMP Programme.

### **4. Qualifying Business**

- 4.1 Under the IRNMP Programme, "Qualifying Business" is business which must be:
- (a) executed in Interest Rate Futures Contracts as specified in section 2.1;
  - (b) executed by, and assigned to, a person registered by the Exchange as a participant in the IRNMP Programme; and
  - (c) own/proprietary account business of the IRNMP, and not client business.

Business which satisfies all the criteria set out above will qualify for the benefits described in section 2.1.

- 4.2 The purpose of the Programme is to encourage new traders who intend to trade for their own or proprietary accounts only. Therefore, individuals who intend also to execute business on behalf of clients while participating in the IRNMP Programme, must ensure that only own/proprietary account business is assigned to the Universal Clearing Platform (“UCP”) Account References registered with the Exchange for the purposes of this Programme.

## **5. Application Process**

- 5.1 The application form for the IRNMP Programme is available from Account Managers and the NYSE Euronext website ([www.nyx.com/stirlpprogrammes](http://www.nyx.com/stirlpprogrammes)). Those wishing to apply for the IRNMP Programme should complete the form and submit it to their Account Manager. The Exchange’s decision as to whether an applicant should be approved as an IRNMP on the Programme shall be final and binding.
- 5.2 Programme 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 Programme.
- 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 trading fee rebates.
- 5.4 Where an application for participation in the IRNMP Programme is approved by the Exchange in a particular calendar month, only volume assigned to the IRNMP during that calendar month will be Qualifying Business. Applicants must submit their application form five business days prior to the last business day of the month to be registered for the entire calendar month. Applications received after five business days prior to the last day of the business day of the month will be registered for the following calendar month. In all cases, application forms must be submitted no later than 24 May 2013 for participants wishing to commence from 3 June 2013.

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

- 6.1 Once an IRNMP has been registered, their Qualifying Business will be identified through a single unique entry into the User Specified field, which translates into a single Account Reference in the UCP used exclusively by the IRNMP and solely for their activity in that capacity.
- 6.2 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.
- 6.3 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.

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

6.5 If a registered IRNMP 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 IRNMP 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.

## 7. **Billing information**

7.1 Exchange trading fees will be billed (as they are currently) to Clearing Members at the beginning of the following calendar month. This initial bill will be calculated on the basis of standard fees as published on the NYSE Euronext website. The Exchange will then calculate the rebates on Qualifying Business for approved IRNMPs and make rebates to Clearing Members during the following calendar month. For example, rebates for Qualifying Business transacted in April 2013 will be calculated in May 2013 for payment to Clearing Members at the beginning of June 2013.

7.2 In the event that any business which may give rise to a benefit under the terms of the Programme may also qualify as business undertaken by the IRNMP 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 its absolute discretion 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 IRNMP Programme;
- (c) re-charge some or all of the rebates made under the IRNMP Programme or the Other Arrangements; or
- (d) terminate the Agreement by Notice to the parties with immediate effect.

7.3 The Exchange reserves the right in its absolute discretion to terminate the Programme by Notice.

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

Fixed Income Derivatives

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