

## LONDON NOTICE NO. 3702

Issue Date: 22 March 2013

Effective Date: 2 April 2013

### INTEREST RATE FUTURES CONTRACTS

#### LIQUIDITY PROVIDER PROGRAMME FOR MEMBERS

##### Executive Summary

This Notice informs Members of the renewal of the Liquidity Provider Programme for Members in Interest Rate Futures Contracts (the "Member LP Programme").

#### 1. Introduction

- 1.1 London Notice No. [3583](#), issued on 20 March 2012, informed Members of the renewal of the Member Liquidity Provider Programme for a period of twelve months until close of business on 30 March 2012.
- 1.2 This Notice informs Members that the Member LP Programme shall be extended for a period of one month until close of business on 30 April 2013, based on the same terms and conditions.
- 1.3 Members currently registered on the Member LP Programme, shall remain registered on the Member LP Programme with effect from 2 April 2013, unless the Exchange is otherwise notified in writing. The Exchange invites appropriate Members who are not currently registered to apply.

#### 2. Benefits of the Member LP Programme

- 2.1 Participants registered on the Member LP Programme, who transact in excess of 250,000 lots of business during a single calendar month in the following LIFFE 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
  - 2 Year, 5 Year, and 10 Year Euro Swapnote<sup>®</sup> Futures Contract

shall be eligible for a discount on their Exchange trading fees, based on the Member LP Fee Schedule set out in the table below.

Member LP Programme	
Monthly Volumes	Discount
Lots 0 – 250,000	0%
Lots 250,001 – 500,000	10%
Lots 500,001 – 1,000,000	20%
Lots 1,000,001 – 2,000,000	30%
Lots >2,000,000	40%

- 2.2 The discounted Exchange trading 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 section 4 below) transacted by a participant.
- 2.3 For the avoidance of doubt, clearing fees of 3 pence per lot, per side will be applied as normal.
- 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. Definition of a Member Liquidity Provider

- 3.1 In general terms, a liquidity provider supports and enhances the liquidity of LIFFE's Interest Rate 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 Central Order Book to attract and satisfy customer order flow. Specifically in relation to the Member LP Programme, 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 of the Member LP Programme; and
  - (b) proprietary business of the Member registered as a participant and not client business.

### 5. Application Process

- 5.1 The application form for the Member LP Programme is available from Account Managers and on the NYSE Euronext website ([www.nyx.com/stirlpprogrammes](http://www.nyx.com/stirlpprogrammes)). Those Members wishing to participate in the Member LP Programme 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 Programme 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 Programme.
- 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 trading fee rebates/discounts.
- 5.4 Where an application for participation in the Member LP Programme is approved by the Exchange in a particular calendar month, only volume assigned to the applicant 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 not be registered for the following calendar month.

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

- 6.1 Once a Member has been registered as a participant, its Qualifying Business will be identified through its unique LIFFE Member Mnemonic, and Universal Clearing Platform (“UCP”) Account Reference(s) (a single unique entry into the User Specified field, a field that translates into a single Account Reference in UCP) used by the Member exclusively for proprietary trading activity for the purposes of this Programme.
- 6.2 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 UCP as non-customer business.
- 6.3 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. Applicants should therefore ensure that they submit in their application the final Account References based on market assigned trades for the Exchange to identify Qualifying Business accurately.
- 6.4 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.
- 6.5 The Exchange stresses that any underpayment of trading fee rebates resulting from inaccurate application/registration details will not be corrected retrospectively by the Exchange.
- 6.6 If a registered Member 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 Firm 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 Arrangements**

- 7.1 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 full Exchange trading fee per lot, per side. The Exchange will then calculate the rebates on Qualifying Business for approved Member LP Programme participants 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 Member LP Programme may also qualify as business undertaken by the Member 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 take one or more of the following actions:
- (a) withhold the credit of any further rebates otherwise due under Other Arrangements;
  - (b) withhold the credit of any further rebates otherwise due under the Member LP Programme;
  - (c) re-charge some or all of the rebates made under the Member LP Programme or the Other Arrangements; and
  - (d) terminate the Member's participation in the Member LP Programme by notice to the parties with immediate effect.

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

Fixed Income Derivatives

+44 (0)20 7379 2222

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