

## LIFFE NOTICE NO. 3821

Issue Date: 4 April 2014

Effective Date: 22 April 2014

**EURO SWAPNOTE® FUTURES CONTRACTS (EXCHANGE CONTRACT NO. 701S)**

**U.S. DOLLAR SWAPNOTE® FUTURES CONTRACTS (EXCHANGE CONTRACT NO. 710)**

**STERLING SWAPNOTE® FUTURES CONTRACTS (EXCHANGE CONTRACT NO. 720)**

**SWISS FRANC SWAPNOTE® FUTURES CONTRACTS (EXCHANGE CONTRACT NO. 730)**

**INTRODUCTION OF ADDITIONAL SWAPNOTE® FUTURES CONTRACTS**

### Executive Summary

This Notice informs Members that additional Swapnote® Futures Contracts will be made available on the Universal Trading Platform, and within Bclear, on and from 22 April 2014, subject to conclusion of regulatory processes.

### 1. Introduction

1.1 In response to demand from Members, the Exchange has determined to launch the following Swapnote® Futures Contracts (“the Contracts”):

- 30 Year Euro Swapnote® Future;
- 30 Year U.S. Dollar Swapnote® Future;
- 2, 5, 10 and 30 Year Sterling Swapnote® Futures; and
- 2, 5 and 10 Year Swiss Franc Swapnote® Futures.

1.2 The Contracts will be made available on the Universal Trading Platform (“UTP”), and within Bclear, on and from 22 April 2014, subject to conclusion of regulatory processes.

1.3 The Notice detailing the list of Notional Cashflows for the Contracts will be issued in line with current market practices i.e. one week in advance of the Last Trading Day.

1.4 This Notice provides Members with the following information in respect of the Contracts:

- (a) Contract Details;
- (b) Underlying Benchmarks;
- (c) Trading Licences;
- (d) Minimum Volume Thresholds for Block Trades;

- (e) Bclear reporting requirements;
- (f) Business Days and Trading Hours;
- (g) Fees;
- (h) Statement in relation to EDSP Price Formation;
- (i) Member Testing; and
- (j) U.S. Regulatory Position.

## 2. Contract Details

- 2.1 The Contracts shall be made available under the terms of the Exchange Contract numbers set out below. The full legal Contract Specifications will be made available on the website ([www.nyx.com/liffe](http://www.nyx.com/liffe)) in due course. The Summary Contract Specifications form Attachment 1 to this Notice.

Contract	Exchange Contract No.	Exchange Code
30 Year Euro Swapnote® Future	707	EU3
30 Year Dollar Swapnote® Future	714	US3
2 Year Sterling Swapnote® Future	721	GBW
5 Year Sterling Swapnote® Future	722	GBO
10 Year Sterling Swapnote® Future	723	GBP
30 Year Sterling Swapnote® Future	724	GB3
2 Year Swiss Franc Swapnote® Future	731	CHW
5 Year Swiss Franc Swapnote® Future	732	CHO
10 Year Swiss Franc Swapnote® Future	733	CHP

- 2.2 Two delivery months will be available for trading, commencing with the June 2014 and September 2014 delivery months, subject to conclusion of regulatory processes.

## 3. Underlying Benchmarks

- 3.1 The underlying benchmark rates used to calculate the EDSP for each of the Contracts will be as follows:

Contract	Thomson Reuters Page	Fixing Time
30 Year Euro Swapnote® Future	ISDAFIX2	11:00am Brussels time
30 Year U.S. Dollar Swapnote® Future	ISDAFIX1	11:00am New York time
2, 5, 10 & 30 Year Sterling Swapnote® Futures	ISDAFIX4	11:00am London time
2, 5 & 10 Year Swiss Franc Swapnote® Futures	ISDAFIX4	11:00am London time

3.2 ISDAFIX swap rates are only published for certain tenor points along the curve. In relation to the EDSP methodology for the Contracts, for the tenor points where ISDAFIX does not publish a swap rate, a rate shall be found via interpolation; specifically the LIFFE Swapnote® Swap Rate Interpolation Methodology.

3.3 The LIFFE Swapnote® Swap Rate Interpolation Methodology is detailed in Schedule II of the relevant Contract Specifications. Essentially, a cubic spline approach will be used to complete missing points on the published ISDAFIX curve.

**4. Trading Licences**

4.1 Members wishing to execute trades in the Contracts on the UTP and/or Bclear must hold a valid Financial Futures Trading Subscription.

4.2 To submit business in the Contracts via Bclear, Members will need to have completed the relevant Bclear application form, which can be found on the website ([www.nyx.com/bclearapplication](http://www.nyx.com/bclearapplication)).

4.3 To claim trades only, Members will need to have the appropriate entitlement set up in the membership database and access to the Universal Clearing Platform (“UCP”).

4.4 To clear trades, Members will require the relevant clearing status (GCM or ICM) and access to UCP.

**5. Minimum Volume Thresholds for Block Trades**

5.1 The Minimum Volume Thresholds for Block Trades and business submitted via Bclear for the Contracts in all delivery months shall be as follows:

Contract	Block Trades		Bclear	
	Outrights	Strategies (Per Leg)	Outrights	Strategies (Per Leg)
30 Year Euro Swapnote® Future	100	100	1,000	1,000
30 Year U.S. Dollar Swapnote® Future	500	500	1,000	1,000
2 Year Sterling Swapnote® Future	100	100	1,500	1,500
5 Year Sterling Swapnote® Future	100	100	1,000	1,000
10 Year Sterling Swapnote® Future	100	100	1,000	1,000
30 Year Sterling Swapnote® Future	100	100	1,000	1,000
2 Year Swiss Franc Swapnote® Future	100	100	1,500	1,500
5 Year Swiss Franc Swapnote® Future	100	100	1,000	1,000
10 Year Swiss Franc Swapnote® Future	100	100	1,000	1,000

5.2 Further details in respect of LIFFE’s Wholesale Trading Facilities are available on the website ([www.nyx.com/wholesaletrading](http://www.nyx.com/wholesaletrading)).

**6. Bclear reporting requirements**

6.1 Members are reminded that London Notice No. [3796](#), issued on 7 February 2014, informed Members of the revision to the LIFFE Rules governing the Bclear Service (“Bclear Rules”) set out in Section 12 of LIFFE Rule Book II. Specifically, the revised Rules replace the concept of the original

“OTC Trade” with that of a “Contingent Agreement to Trade” being submitted to the Exchange via Bclear.

6.2 The Bclear reporting times for the Contracts will be the same as for all other Fixed Income products i.e. the Contingent Agreement to Trade must be submitted, at the latest:

- (a) within five minutes in the case of a Contingent Agreement to Trade which was not dependent on the execution of a transaction in another instrument, unless market conditions are exceptional; or
- (b) within fifteen minutes in the case of:
  - (i) exceptional market conditions; or
  - (ii) a Contingent Agreement to Trade which was dependent on the execution of a transaction in another instrument.

6.3 Price, volume and trade time details related to business in the Contracts submitted via Bclear will be published to the market 75 minutes after acceptance by the Exchange or at the daily close of trading in the Contracts on the UTP, whichever is sooner.

## 7. Business Days and Trading Hours

7.1 The Contracts will be available for trading Monday to Friday except for non-trading days as specified in LIFFE’s Trading Calendar ([www.nyx.com/exchange\\_holidays](http://www.nyx.com/exchange_holidays)).

7.2 Detailed session times for the trading of Contracts on UTP are as follows (all times are London times):

Contract	Host	Session Start	Pre Open	Open	Settlement	Pre Close	Close	Session Close
30 Year Euro Swapnote® Future	F	00:30	06:03	07:00	16:15	17:58	18:00	21:35
30 Year Dollar Swapnote® Future <sup>1</sup>	F	00:30	06:03	07:00	20:00	19:58	20:00	21:35
2, 5, 10 & 30 Year Sterling Swapnote® Futures	F	00:30	06:03	07:30	16:15	17:58	18:00	21:35
2, 5 & 10 Year Swiss Franc Swapnote® Futures	F	00:30	06:03	07:00	16:15	17:58	18:00	21:35

7.3 Members may report business in the Contracts to the Exchange via Bclear between 08:00 and 18:00 hours (London time).

## 8. Fees

8.1 The Exchange and Clearing fee for any of the Contracts on UTP will be £0.18 per lot, per side. For business reported via Bclear the Exchange and Clearing fee will be £0.28 per lot, per side. The cash settlement fee will be £0.15.

<sup>1</sup> Updated to reflect the correct session times for the 30 Year Dollar Swapnote Futures Contract.

**9. Statement in relation to EDSP Price Formation**

9.1 The Exchange draws the following statement to the attention of potential users of the Contracts. Members should ensure that their clients are made aware of the statement:

“Potential users of the Euro, U.S. Dollar, Sterling and Swiss Franc Swapnote® Futures Contracts made available on the London International Financial Futures and Options Exchange should familiarise themselves with the terms of these Contracts as well as the relevant EDSP calculation process and reference rates published by ISDAFIX and, where relevant, calculated by the LIFFE Swapnote® Swap Rate Interpolation Methodology or derived from STIR Futures listed on the Exchange. Potential users should, therefore, consider the risks of holding positions in the expiry of the Contracts. In particular, they should: (i) familiarise themselves with the daily fixing process for the relevant Swap Rates; (ii) familiarise themselves with the LIFFE Swapnote® Swap Rate Interpolation Methodology; and (iii) consider their exposure to potentially unfavourable price movements in the expiry and whether to take steps to neutralise such exposure; for example, taking into account that there may be relatively limited liquidity provision, whether to “roll” or close positions prior to expiry.”

**10. Member Testing**

10.1 The Contracts are available in the CTSG Customer Test environment, to enable all users to test and familiarise themselves with the Contracts prior to go-live.

**11. U.S. Regulatory Position**

11.1 The Contracts will be made available to Members and their Affiliates who are based in the United States, on and from 22 April 2014.

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

Fixed Income Derivatives                      +44 (0) 20 7379 2222                      [rates@nyx.com](mailto:rates@nyx.com)

For any queries regarding the CTSG environment please contact:

Technology Partnerships                      +44 (0) 20 7379 2417                      [Technologypartnerships@nyx.com](mailto:Technologypartnerships@nyx.com)

## Summary Contract Specifications for the Contracts

Contract	Thirty Year Euro Swapnote <sup>®</sup>
Known as Exchange Contract No.	707
Set of Relevant Payments	30 Year euro
Effective Date	Third Wednesday of delivery month
Currency of the Contract	Euro
Termination Date	Thirtieth anniversary of the Effective Date
Cashflow Payment Date Reference Period	One Calendar Year
Unit of trading	€100,000
Notional Fixed Rate	6.00%
Delivery months	Mar, Jun, Sep, Dec
No. of delivery months available for trading <sup>1</sup>	2 Quarterly
Quotation	Price Points per €100 nominal
Value of One Price Point	€1,000 per lot
Minimum price movement (Value)	0.02 Price Points (€20)
Last Trading Day <sup>2</sup>	Two business days prior to the Effective Date
Last Trading Time (London time)	10:00 hours
Rate Source Page (Brussels Time)	Thomson Reuters Page: ISDAFIX2 11:00 AM Fixing
Interest rate basis	30/360
Relevant Floating Rate	EURIBOR

- 1 The delivery months available for trading will be the relevant number of nearest quarterly delivery months. A new delivery month will be made available for trading on the business day following the Last Trading Day of the current delivery month
- 2 If such a day is not a business day, "Last Trading Day" shall mean the business day following such day.

<b>Contract</b>	<b>Thirty Year U.S. Dollar Swapnote<sup>®</sup></b>
<b>Known as Exchange Contract No.</b>	714
<b>Set of Relevant Payments</b>	30 Year U.S. Dollar
<b>Effective Date</b>	Third Wednesday of delivery month
<b>Currency of the Contract</b>	U.S. Dollar
<b>Termination Date</b>	Thirtieth anniversary of the Effective Date
<b>Cashflow Payment Date Reference Period</b>	Six Calendar Months
<b>Unit of trading</b>	\$100,000
<b>Notional Fixed Rate</b>	6.00%
<b>Delivery months</b>	Mar, Jun, Sep, Dec
<b>No. of delivery months available for trading<sup>1</sup></b>	2 Quarterly
<b>Quotation</b>	Price Points per \$100 nominal
<b>Value of One Price Point</b>	\$1,000 per lot
<b>Minimum price movement(Value)</b>	0.02 Price Points (\$20)
<b>Last Trading Day<sup>2</sup></b>	Two business days prior to the Effective Date
<b>Last Trading Time (New York time)</b>	11:00 AM
<b>Relevant Floating Rate</b>	3 Month U.S. Dollar ICE LIBOR (formerly known as BBA LIBOR)
<b>Rate Source Page (New York time)</b>	Thomson Reuters Page: ISDAFIX1 11:00 AM Fixing
<b>Interest Rate Basis in respect of Swap Rates</b>	30/360
<b>First Cashflow Calculation Period Reference Rate (New York time)<sup>3</sup></b>	Eurodollar Time Deposit rate with a three month tenor established from the first listed quarterly Three Month Eurodollar Futures contract price on the NYSE LIFFE U.S. market at 11:00 AM NY time on the Last Trading Day (i.e. 100 – Eurodollar Futures Price)
<b>Interest rate basis in respect of First Cashflow Calculation Period Reference Rate</b>	Actual/360

- 1 The delivery months available for trading will be the relevant number of nearest quarterly delivery months. A new delivery month will be made available for trading on the business day following the Last Trading Day of the current delivery month.
- 2 If such a day is not a business day, "Last Trading Day" shall mean the business day following such day.
- 3 For the avoidance of doubt: On the Last Trading Day of U.S. Dollar Swapnote March delivery month, the first listed quarterly Eurodollar futures contract will be the Eurodollar March delivery month.

Contract	Two Year Sterling Swapnote®	Five Year Sterling Swapnote®	Ten Year Sterling Swapnote®	Thirty Year Sterling Swapnote®
<b>Known as Exchange Contract No.</b>	721	722	723	724
<b>Set of Relevant Payments</b>	2 Year Sterling	5 Year Sterling	10 Year Sterling	30 Year Sterling
<b>Effective Date</b>	Third Wednesday of delivery month			
<b>Currency of the Contract</b>	Sterling	Sterling	Sterling	Sterling
<b>Termination Date</b>	Second anniversary of the Effective Date	Fifth anniversary of the Effective Date	Tenth anniversary of the Effective Date	Thirtieth anniversary of the Effective Date
<b>Cashflow Payment Date Reference Period</b>	Six Calendar Months	Six Calendar Months	Six Calendar Months	Six Calendar Months
<b>Unit of trading</b>	£100,000	£100,000	£100,000	£100,000
<b>Notional Fixed Rate</b>	3.00%	3.00%	3.00%	4.00%
<b>Delivery months</b>	Mar, Jun, Sep, Dec			
<b>No. of delivery months available for trading<sup>1</sup></b>	2 Quarterly	2 Quarterly	2 Quarterly	2 Quarterly
<b>Quotation</b>	Price Points per £100 nominal			
<b>Value of one Price Point</b>	£1,000 per lot	£1,000 per lot	£1,000 per lot	£1,000 per lot
<b>Minimum price movement (Value)</b>	0.005 Price Points (£5)	0.01 Price Points (£10)	0.01 Price Points (£10)	0.02 Price Points (£20)
<b>Last Trading Time and Day (London time)<sup>2</sup></b>	11:00 AM on the Effective Date			
<b>Relevant Floating Rate</b>	Sterling ICE LIBOR (formerly known as BBA LIBOR)	Sterling ICE LIBOR (formerly known as BBA LIBOR)	Sterling ICE LIBOR (formerly known as BBA LIBOR)	Sterling ICE LIBOR (formerly known as BBA LIBOR)
<b>Rate Source Page (London time)</b>	Thomson Reuters Page: ISDAFIX4 11:00 AM Fixing			
<b>Interest rate basis in respect of Swap Rates</b>	Actual/365(F)	Actual/365(F)	Actual/365(F)	Actual/365(F)
<b>First Cashflow Calculation Period Spot Rate (London time)<sup>3</sup></b>	Sterling Rate established from the final settlement price of the first listed quarterly Short Sterling Futures Contract on the NYSE LIFFE market on the Last Trading Day	Sterling Rate established from the final settlement price of the first listed quarterly Short Sterling Futures Contract on the NYSE LIFFE market on the Last Trading Day	Sterling Rate established from the final settlement price of the first listed quarterly Short Sterling Futures Contract on the NYSE LIFFE market on the Last Trading Day	Sterling Rate established from the final settlement price of the first listed quarterly Short Sterling Futures Contract on the NYSE LIFFE market on the Last Trading Day
<b>First Cashflow Calculation Period Forward Rate (London Time)<sup>3</sup></b>	Sterling Rate established from the second listed quarterly Short Sterling Futures Contract price on the NYSE LIFFE market at 11:00 AM on the Last Trading Day	Sterling Rate established from the second listed quarterly Short Sterling Futures Contract price on the NYSE LIFFE market at 11:00 AM on the Last Trading Day	Sterling Rate established from the second listed quarterly Short Sterling Futures Contract price on the NYSE LIFFE market at 11:00 AM on the Last Trading Day	Sterling Rate established from the second listed quarterly Short Sterling Futures Contract price on the NYSE LIFFE market at 11:00 AM on the Last Trading Day
<b>Interest rate basis in respect of First Cashflow Calculation Period Rates</b>	Actual/365(F)	Actual/365(F)	Actual/365(F)	Actual/365(F)

1 The delivery months available for trading will be the relevant number of nearest quarterly delivery months. A new delivery month will be made available for trading on the business day following the Last Trading Day of the current delivery month.

2 If such a day is not a business day, Last Trading Day shall mean the business day following such day.

3 For the avoidance of doubt: On the Last Trading Day of the Sterling Swapnote March delivery month, the first listed quarterly Short Sterling Futures Contract will be the Short Sterling March delivery month, and the second listed quarterly Short Sterling Futures Contract will be the Short Sterling June delivery month.

Contract	Two Year Swiss Franc Swapnote <sup>®</sup>	Five Year Swiss Franc Swapnote <sup>®</sup>	Ten Year Swiss Franc Swapnote <sup>®</sup>
<b>Known as Exchange Contract No.</b>	731	732	733
<b>Set of Relevant Payments</b>	2 Year Swiss Franc	5 Year Swiss Franc	10 Year Swiss Franc
<b>Effective Date</b>	Third Wednesday of delivery month	Third Wednesday of delivery month	Third Wednesday of delivery month
<b>Currency of the Contract</b>	Swiss Franc (SFr)	Swiss Franc (SFr)	Swiss Franc (SFr)
<b>Termination Date</b>	Second anniversary of the Effective Date	Fifth anniversary of the Effective Date	Tenth anniversary of the Effective Date
<b>Cashflow Payment Date Reference Period</b>	One Calendar Year	One Calendar Year	One Calendar Year
<b>Unit of trading</b>	SFr 100,000	SFr 100,000	SFr 100,000
<b>Notional Fixed Rate</b>	3.00%	3.00%	3.00%
<b>Delivery months</b>	Mar, Jun, Sep, Dec	Mar, Jun, Sep, Dec	Mar, Jun, Sep, Dec
<b>No. of delivery months available for trading<sup>1</sup></b>	2 Quarterly	2 Quarterly	2 Quarterly
<b>Quotation</b>	Price Points per SFr 100 nominal	Price Points per SFr 100 nominal	Price Points per SFr 100 nominal
<b>Value of One Price Point</b>	SFr 1,000 per lot	SFr 1,000 per lot	SFr 1,000 per lot
<b>Minimum price movement (Value)</b>	0.01 Price Points (SFr 10)	0.01 Price Points (SFr 10)	0.01 Price Points (SFr 10)
<b>Last Trading Day<sup>2</sup></b>	Two business days prior to the Effective Date	Two business days prior to the Effective Date	Two business days prior to the Effective Date
<b>Last Trading Time (London Time)</b>	11:00 AM	11:00 AM	11:00 AM
<b>Rate Source Page (London Time)</b>	Thomson Reuters Page: ISDAFIX4 11:00 AM Fixing	Thomson Reuters Page: ISDAFIX4 11:00 AM Fixing	Thomson Reuters Page: ISDAFIX4 11:00 AM Fixing
<b>Interest rate basis</b>	30/360	30/360	30/360
<b>Relevant Floating Rate</b>	CHF ICE LIBOR (formerly known as BBA LIBOR)	CHF ICE LIBOR (formerly known as BBA LIBOR)	CHF ICE LIBOR (formerly known as BBA LIBOR)

- 1 The delivery months available for trading will be the relevant number of nearest quarterly delivery months. A new delivery month will be made available for trading on the business day following the Last Trading Day of the current delivery month.
- 2 If such a day is not a business day, "Last Trading Day" shall mean the business day following such day.