

LONDON NOTICE NO. 3813

Issue Date: 25 March 2014

Effective Date: 17 April 2014

REVISIONS TO THREE MONTH STERLING OPTIONS CONTRACTS AND STERLING MID-CURVE OPTIONS CONTRACTS

Executive Summary

This Notice informs Members of: (a) the introduction of additional serial expiry months in the Three Month Sterling Options Contract ("Sterling Options"), the One Year, Two Year, Three Year and Four Year Mid-Curve Options on Three Month Sterling Interest Rate Futures Contracts ("Sterling Mid-Curve Options"); and (b) the introduction of additional exercise prices in the Back Months of the Sterling Options Contract.

1. Introduction

1.1 This Notice informs Members of the introduction of certain additional serial expiry months and certain additional exercise prices for the Sterling Options and Sterling Mid-Curve Option Contracts with effect from 17 April 2014.

2. Introduction of additional Serial Expiry Months

2.1 Currently, Sterling Options have eight quarterly and two serial expiry months available for trading. The Exchange will introduce two new serial months which will result in the first six consecutive calendar months always being available for trading. In line with this change, two additional serial expiry months (August 2014 and October 2014) will be made available for trading on and from 17 April 2014.

2.2 Currently, Sterling Mid-Curve Options have four quarterly and two serial expiry months available for trading. The Exchange will introduce two new serial months which will result in the first six consecutive calendar months always being available for trading. In line with this change, two additional serial expiry months (August 2014 and October 2014) will be made available for trading on and from 17 April 2014.

3. Change to Exercise Price Intervals in the Back Months of Sterling Options

3.1 Currently, the exercise price intervals for Sterling Options are set at 12.5 basis points in the first four quarterly expiry months and all relevant serial months; and 25 basis points for all other months ("Back Months").

3.2 On and from 17 April 2014, additional series will be listed at 12.5 basis point intervals in the Back Months of the Sterling Options, such that the exercise price interval for all Sterling Options (including Mid-Curve Options) will be set at 12.5 basis points.

4. Additional information

4.1 The introduction of the additional expiry months and change in exercise price intervals necessitate minor amendments to the Contract Details of Exchange Contract No. 901 and to the NYSE Liffe Trading Procedures. These amendments are set out in Attachments 1 and 2 to this Notice. Updated versions of Exchange Contract No. 901 and the NYSE Liffe Trading Procedures will be made available on the NYSE Liffe website in due course.

4.2 The Exchange remains committed to continuing to improve and develop its STIR portfolio and to offering its Members the most efficient and effective market place for the trading of STIR Contracts. Members who wish to suggest new ideas and initiatives for the future development of the Exchange's STIR portfolio should contact the Fixed Income Derivatives team at NYSE Liffe.

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

Fixed Income Derivatives

+44 (0)20 7379 2222

rates@nyx.com

CONTRACT DETAILS SPECIFIED BY THE BOARD FOR OPTIONS ON SHORT TERM INTEREST RATE CONTRACTS

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Contract		Option on Three Month Sterling	Option on Three Month Euro Swiss Franc	Option on Three Month Euro (EURIBOR)
Known as Exchange Contract No.		116	133	146
Underlying Futures Contract		Three Month Sterling	Three Month Euro Swiss Franc	Three Month Euro (EURIBOR)
Expiry Months ¹		8 Quarterly and 2 Serial <u>4 Serial</u>	4 Quarterly	8 Quarterly and 4 Serial
Last Trading Day ²		Third Wednesday of the expiry month	Second business day prior to third Wednesday of expiry month	Second business day prior to third Wednesday of expiry month
Last Trading Time		11:00 hrs	11:00 hrs	10:00 hrs
Exercise Deadline	(a) Business days other than Last Trading Day	17:00 hrs	17:00 hrs	17:00 hrs
	(b) Last Trading Day	11:45 hrs	11:45 hrs	10:45 hrs
Expiry Time ³		11:45 hrs	11:45 hrs	10:45 hrs
Price Unit		0.01 (Basis Point)	0.01 (Basis Point)	0.01 (Basis Point)
Price Unit Value		£12.50	SFr25.00	€25.00
Minimum Price Movement		Half price unit	Half price unit	Half price unit
Cabinet Transaction Price		0.08 Basis Points	0.1 Basis Points	0.1 Basis Points

¹ The expiry months available for trading will be the relevant number of nearest quarterly expiry months and the relevant number of nearest serial expiry months. A new expiry month is available for trading the business day after the Last Trading Day of an expiry month.

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

³ An option to which the Clearing Organisation is party as Buyer and which has not been exercised shall expire at 07:00 hrs on the business day following the Last Trading Day.

CONTRACT DETAILS SPECIFIED BY THE BOARD FOR OPTIONS ON SHORT TERM INTEREST RATE CONTRACTS

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Contract	One Year Mid-Curve Option on Three Month Sterling	Two Year Mid-Curve Option on Three Month Sterling	Three Year Mid-Curve Option on Three Month Sterling	Four Year Mid-Curve Option on Three Month Sterling	One Year Mid-Curve Option on Three Month Euro (EURIBOR)	Two Year Mid-Curve Option on Three Month Euro (EURIBOR)	Three Year Mid-Curve Option on Three Month Euro (EURIBOR)	Four Year Mid-Curve Option on Three Month Euro (EURIBOR)
Known as Exchange Contract No.	116m	147m	150m	152m	146m	148m	149m	151m
Underlying Futures Contract	Three Month Sterling				Three Month Euro (EURIBOR)			
Expiry Months ⁴	4 Quarterly and 2 Serial <u>4 Serial</u>				4 Quarterly and 4 Serial			
Last Trading Day ⁵	Third Wednesday of expiry month				Second business day prior to third Wednesday of expiry month			
Last Trading Time	11:00 hrs				10:00 hrs			
Exercise Deadline	17:00 hrs (Business days other than Last Trading Day)				17:00 hrs (Business days other than Last Trading Day)			
	11:45 hrs (Last Trading Day)				10:45 hrs (Last Trading Day)			
Expiry Time ⁶	11:45 hrs				10:45 hrs			
Price Unit	0.01 (Basis Point)				0.01 (Basis Point)			
Price Unit Value	£12.50				€25.00			
Minimum Price Movement	Half price unit				Half price unit			
Cabinet Transaction Price	0.08 Basis Points				0.1 Basis Points			

⁴ The expiry months available for trading will be the relevant number of nearest quarterly expiry months and the relevant number of nearest serial expiry months. A new expiry month is available for trading the business day after the Last Trading Day of an expiry month.

⁵ If such a day is not a business day, "Last Trading Day" shall mean the business day next following such day.

⁶ An option to which the Exchange is party as Buyer and which has not been exercised shall expire at 07:00 hrs on the business day following the Last Trading Day.

Changes to the Trading Procedures

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Section 2 – Trading Procedures in relation to the London Market

Lo.3 Introduction of a new series

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Lo.3.3 (b) For Financial Option Contracts the exercise prices of each series is fixed as follows:

Euribor Options (including Mid-Curves)	12.5 basis point intervals for all expiry months.
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Euroswiss Options	12.5 basis point intervals for all expiry months.
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Short Sterling Options (including Mid-Curves)	12.5 basis point intervals <u>for all expiry months</u> in the first four quarterly expiry months and all relevant serial months and 25 basis point intervals for all other months.
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