

LIFFE NOTICE NO. 3833

Issue Date: 23 May 2014

Effective Date: 3 June 2014

INTRODUCTION OF EUROPEAN GOVERNMENT BOND FUTURES CONTRACTS

Executive Summary

This Notice informs Members of the introduction of 12 new European Government Bond futures contracts which will be made available on the Universal Trading Platform, and within Bclear, on and from 3 June 2014.

1. Introduction

1.1 On and from the 3 June 2014, the Exchange will make available for trading 12 new European Government Bond Futures Contracts (the “Contracts”) on the Universal Trading Platform (“UTP”) and within Bclear.

1.2 The Contracts are based on bonds issued by the following countries:

(a) **Germany:**

- Ultra Long Bund Futures
- Long Bund Futures
- Medium Bund (Bobl) Futures
- Short Bund (Schatz) Futures

(b) **Italy:**

- Long BTP Futures
- Medium BTP Futures
- Short BTP Futures

(c) **Spain:**

- Long Spanish Government Bond (Bonos) Futures
- Medium Spanish Government Bond (Bonos) Futures
- Short Spanish Government Bond (Bonos) Futures

collectively the “Euro-denominated Government Bond Futures”; and

(d) **Switzerland:**

- Long Swiss Confederation (CONF) Bond Futures
- Medium Swiss Confederation (CONF) Bond Futures

collectively the “Swiss Confederation Bond Futures”.

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

- (a) Details of the Contracts;
- (b) Fees;
- (c) Incentive Programmes;
- (d) Trading Licences;
- (e) Minimum Volume Thresholds for Block Trades and Bclear;
- (f) Bclear reporting requirements;
- (g) Business Days and Trading Hours;
- (h) Statement in relation to the Contracts;
- (i) Testing; and
- (j) U.S. Regulatory Position.

2. Details of the Contracts

2.1 The Contracts will be made available for trading under the terms of Exchange Contract No. 143 in respect of the Euro-denominated Government Bonds, and Exchange Contract No. 145 in respect of Swiss Confederation Bonds. Exchange Contract Nos. 143 and No. 145 are generic Contract Specifications which incorporate all of the individual Contracts as set out in the table below. The full legal contract specifications will be made available on the website (www.nyx.com/bondderivatives) in due course. The Summary Contract Specifications form Attachment 1 to this Notice.

Underlying Issuer	Contract	Individual Exchange Contract No.	Liffe Contract Code
Germany	Ultra Long Bund	190	G30
	Long Bund	189	G10
	Medium Bund (Bobl)	188	G05
	Short Bund (Schatz)	187	G02
Italy	Long BTP	193	I10
	Medium BTP	192	I05
	Short BTP	191	I02
Spain	Long Bonos	196	S10
	Medium Bonos	195	S05
	Short Bonos	194	S02
Switzerland	Long CONF	198	C10
	Medium CONF	197	C05

2.2 Two delivery months will be available for trading, commencing with the September 2014 and December 2014 delivery months in respect of each of the Contracts.

2.3 The initial Lists of Deliverable Bonds in respect of the September 2014 and December 2014 Delivery Months for all the individual Contracts will be made available on the [website](#).

2.4 The Quote Vendor codes for the Contracts will be made available on the [website](#).

3. Fees

3.1 Exchange and Clearing fees associated with the Contracts are detailed in the table below:

Platform	Exchange Fees (per lot, per side)	Clearing Fees (per lot, per side)	Delivery (per Bargain)
Central Order Book (UTP)	£0.05	£0.13	£2.50
Wholesale Facility (UTP)	£0.03	£0.25	£2.50
Bclear	£0.03	£0.25	£2.50

4. Incentive Programmes for the Contracts

4.1 The Contracts will be included in the Interest Rate Futures New Market Participants Programme and the Interest Rate Futures Discount Programme. For details of these Programmes please contact the Fixed Income team.

4.2 The Exchange is also considering introducing further incentive programmes for these Contracts and details of any such programmes, and how to apply, will be issued in due course.

5. Trading Licences

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

5.2 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).

5.3 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”).

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

6. Minimum Volume Thresholds for Block Trades and Bclear

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

Platform	Outrights	Strategies (per leg of strategy)
UTP Block Trade Facility	100	100
Bclear	300	300

6.2 Further details in respect of Liffe’s Wholesale Trading Facilities are available on the website (www.nyx.com/wholesaletrading).

7. Bclear reporting requirements

7.1 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.

- 7.2 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.

7.3 Price, volume and trade time details related to transactions 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 UTP, whichever is sooner.

8. Business Days and Trading Hours

- 8.1 The Contracts will be available for trading Monday to Friday except for Exchange non-trading days, as specified in Liffe’s Trading Calendar: (www.nyx.com/exchange_holidays/Trading_Days_in_2014).
- 8.2 In addition, on the European Central Bank (“ECB”) public holidays and TARGET closing days for 2014 listed in the table below, the Euro-denominated Government Bond Futures Contracts will not be available for trading:

Holiday	Date
Christmas Eve	Wednesday 24 December 2014
Christmas Day*	Thursday 25 December 2014
Christmas Holiday*	Friday 26 December 2014
New Year’s Eve	Wednesday 31 December 2014

* TARGET Days

- 8.3 On Swiss National Holidays and certain ECB public holidays in 2014 listed in the table below, the Swiss Confederation Bond Futures Contracts will not be available for trading:

Holiday	Date
Whit Monday	Monday 9 June 2014
National Day	Friday 1 August 2014
Christmas Eve	Wednesday 24 December 2014
Christmas Day	Thursday 25 December 2014
Christmas Holiday	Friday 26 December 2014
New Year’s Eve	Wednesday 31 December 2014

8.4 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
German Government Bond Futures	F	00:30	06:03	07:00	16:15	20:58	21:00	21:35
Italian Government Bond Futures	F	00:30	06:03	07:00	16:15	17:58	18:00	21:35
Spanish Government Bond Futures	F	00:30	06:03	07:00	16:15	16:33	16:35	21:35
Swiss Confederation Bond Futures	F	00:30	06:03	07:30	16:00	15:58	16:00	21:35

8.5 Members may report business in respect of the Contracts to the Exchange via Bclear between 08:00 and 18:00 hours, or until the respective individual contract's UTP closing time as detailed above.

9. Statement in relation to Contracts

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 European Government Bond Futures Contracts made available on The London International Financial Futures and Options Exchange should familiarise themselves with the relevant Contract Terms and Administrative Procedures.

Potential users should consider the risks of holding a position until the Last Trading Day of a Contract wherein they shall be buyers or sellers in the delivery process. In particular, they should familiarise themselves with the use of Price Factors and the EDSP price formation process as these are both constituents of the formula for the calculation of the invoicing amount."

10. Testing

10.1 The Contracts are now available in the CTSG Customer Test environment, on either the 'Fixed Income Derivatives' or 'Bond Derivatives & Swapnote' market data channels to enable all users to test and familiarise themselves with the Contracts prior to go-live.

11. U.S. Regulatory Position

11.1 The Contract will be made available to Members and their Affiliates who are based in the United States, effective from launch.

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

Fixed Income Derivatives +44 (0) 20 7429 4640 rates@nyx.com

For any queries regarding the CTSG environment please contact:

Technology Partnerships +44 (0) 20 7429 7188 Technologypartnerships@nyx.com

Summary Contract Specification for the German Bond Futures Contracts

Unit of Trading	€100,000 nominal value notional euro-denominated German Government Bond with 6% coupon in respect of Short Bund (Schatz), Medium Bund (Bobl), and Long Bund Futures €100,000 nominal value notional euro-denominated German Government Bond with 4% coupon in respect of Ultra Long Bund Futures
Delivery Months	March, June, September, December, such that the nearest two delivery months are available for trading
Quotation	Per €100 nominal
Minimum Price Movement (tick size and value)	0.005 (€5) in respect of Short Bund (Schatz) Futures 0.01 (€10) in respect of Long Bund and Medium Bund (Bobl) Futures 0.02 (€20) Ultra Long Bund Futures
Last Trading Day	Two business days prior to the Delivery Day of the relevant maturity month. On the Last Trading Day, trading in the front month will cease at 11:30 hours.
Delivery Day	10th calendar day of the respective quarterly month. If such day is not a business day, delivery shall occur on the next succeeding business day
Maturity Range of Deliverable Bonds	1 year and 9 months to 2 years and 3 months for Schatz Futures Contracts 4 years and 6 months to 5 years and 6 months for Bobl Futures Contracts 8 years and 6 months to 10 years and 6 months for Bund Futures Contracts 24 years to 35 years for Ultra Long Bund Futures Contracts
Original Term to Maturity	Not more than 11 years in respect of Short Bund (Schatz), Medium Bund (Bobl), and Long Bund Futures
Trading Hours	07:00 - 21:00

Unless otherwise indicated, all times are London times.

Algorithm: Central Order Book applies a price/time priority trading algorithm.

Wholesale Services: Asset Allocation, Basis Trading, Block Trading.

Exchange Delivery Settlement Price (EDSP): The London market price at 11:30 hours on the Last Trading Day. The invoicing amount in respect of each Deliverable Euro-denominated German Government Bond is to be calculated by the price factor system.

Contract Standard: Delivery may be made of any bonds on the List of Deliverable Euro-denominated German Government Bonds in respect of a delivery month of an Exchange Contract, as published by the Exchange. All bond issues included in the List will have the following characteristics:

- having terms as to redemption that provide for redemption of the entire Euro-denominated German Government Bond issue in a single instalment such that the length of time to the maturity date from the Delivery Day of the relevant delivery month is within the maturity range for the relevant Exchange Contract specified by the Board in the Contract Details;
- where relevant, having an original term to maturity, such that the length of time from the issue date to the maturity day of the Euro-denominated German Government Bond issue is within the original term for the relevant Exchange Contract specified by the Board in the Contract Details;
- having no terms permitting or requiring early redemption;
- bearing interest at a single fixed rate throughout the term of the issue payable in arrears annually (except in the case of the first interest payment period which may be more or less than a year);
- being denominated and payable as to principal and interest only in Euro and Eurocents;
- not being callable ; and
- having an aggregate principal amount outstanding of not less than €5 billion which, by its terms and conditions, if issued in more than one tranche or tap or issue, is fungible.

Clearing: ICE Clear Europe Limited

Summary Contract Specification for the Italian Bond Futures Contracts

Unit of Trading	€100,000 nominal value notional euro-denominated Italian Government Bond with 6% coupon in respect of Long BTP, Medium BTP, and Short BTP
Delivery Months	March, June, September, December, such that the nearest two delivery months are available for trading
Quotation	Per €100 nominal
Minimum Price Movement (tick size and value)	0.01 (€10)
Last Trading Day	Two business days prior to the Delivery Day of the relevant delivery month. On the Last Trading Day, trading in the front month will cease at 11:30 hours.
Delivery Day	10th calendar day of the respective delivery month. If such day is not a business day, delivery shall occur on the next succeeding business day
Maturity Range of Deliverable Bonds	2 years to 3 years and 3 months for Short BTP Futures Contracts 4 years and 6 months to 6 years for Medium BTP Contracts 8 years and 6 months to 11 years for Long BTP Contracts
Original Term to Maturity	Not more than 16 years
Trading Hours	07:00 - 18:00 hours

Unless otherwise indicated, all times are London times.

Algorithm: Central Order Book applies a price/time priority trading algorithm.

Wholesale Services: Asset Allocation, Basis Trading, Block Trading and Bclear.

Exchange Delivery Settlement Price (EDSP): The London market price at 11:30 hours on the Last Trading Day. The invoicing amount in respect of each Deliverable Euro-denominated Italian Government Bond is to be calculated by the price factor system.

Contract Standard: Delivery may be made of any bonds on the List of Deliverable Euro-denominated Italian Government Bonds in respect of a delivery month of an Exchange Contract, as published by the Exchange. All bond issues included in the List will have the following characteristics:

- having terms as to redemption that provide for redemption of the entire Euro-denominated Italian Government Bond issue in a single instalment such that the length of time to the maturity date from the Delivery Day of the relevant delivery month is within the maturity range for the relevant Exchange Contract specified by the Board in the Contract Details;
- where relevant, having an original term to maturity, such that the length of time from the issue date to the maturity day of the Euro-denominated Italian Government Bond issue is within the original term for the relevant Exchange Contract specified by the Board in the Contract Details;
- having no terms permitting or requiring early redemption;
- bearing interest at a single fixed rate throughout the term of the issue payable in arrears semi-annually (except in the case of the first interest payment period which may be more or less than a half a year);
- being denominated and payable as to principal and interest only in Euro and Eurocents;
- not being callable ; and
- having an aggregate principal amount outstanding of not less than €5 billion which, by its terms and conditions, if issued in more than one tranche or tap or issue, is fungible.

Clearing: ICE Clear Europe Limited

Summary Contract Specification for the Spanish Government Bond (Bonos) Futures Contracts

Unit of Trading	€100,000 nominal value notional euro-denominated Government Bond with 6% coupon in respect of Long, Medium, and Short Spanish Bond (Bonos) Futures
Delivery Months	March, June, September, December, such that the nearest two delivery months are available for trading
Quotation	Per €100 nominal
Minimum Price Movement (tick size and value)	0.01 (€10)
Last Trading Day	Two business days prior to the Delivery Day of the relevant delivery month. On the Last Trading Day, trading in the front month will cease at 11:30 hours.
Delivery Day	10th calendar day of the respective delivery month. If such day is not a business day, delivery shall occur on the next succeeding business day
Maturity Range of Deliverable Bonds	1 year to 3 year for Short Bonos Futures Contracts 4 years to 6 years for Medium Bonos Futures Contracts 8 years and 6 months to 10 years and 6 months for Long Bonos Futures Contracts
Trading Hours	07:00 - 16:35 hours

Unless otherwise indicated, all times are London times.

Algorithm: Central order book applies a price/time priority trading algorithm.

Wholesale Services: Asset Allocation, Basis Trading, Block Trading and Bclear.

Exchange Delivery Settlement Price (EDSP): The London market price at 11:30 hours on the Last Trading Day. The invoicing amount in respect of each Deliverable Euro-denominated Spanish Government Bond is to be calculated by the price factor system.

Contract Standard: Delivery may be made of any bonds on the List of Deliverable Spanish Euro-denominated Government Bonds in respect of a delivery month of an Exchange Contract, as published by the Exchange. All bond issues included in the List will have the following characteristics:

- having terms as to redemption that provide for redemption of the entire Euro-denominated Spanish Government Bond issue in a single instalment such that the length of time to the maturity date from the Delivery Day of the relevant delivery month is within the maturity range for the relevant Exchange Contract specified by the Board in the Contract Details;
- having no terms permitting or requiring early redemption;
- bearing interest at a single fixed rate throughout the term of the issue payable in arrears annually (except in the case of the first interest payment period which may be more or less than a year);
- being denominated and payable as to principal and interest only in Euro and Eurocents;
- not being callable ; and
- having an aggregate principal amount outstanding of not less than €5 billion which, by its terms and conditions, if issued in more than one tranche or tap or issue, is fungible.

Clearing: ICE Clear Europe Limited

Summary Contract Specification for the Swiss Confederation (CONF) Bond Futures Contracts

Unit of Trading	CHF100,000 nominal value notional Swiss Confederation Bond with 6% coupon in respect of Long, and 3% coupon in respect of Medium Swiss CONF Bond Futures
Delivery Months	March, June, September, December, such that the nearest two delivery months are available for trading
Quotation	Per CHF 100 nominal
Minimum Price Movement (tick size and value)	0.01 (CHF10)
Last Trading Day	Two business days prior to the Delivery Day of the relevant delivery month. On the Last Trading Day, trading in the front month will cease at 11:30 hours
Delivery Day	10th calendar day of the respective delivery month. If such day is not a business day, delivery shall occur on the next succeeding business day
Maturity Range of Deliverable Bonds	8 years to 13 years for Long Swiss CONF Bond Futures Contracts 4 years to 6 years and 6 months for Medium Swiss CONF Bond Futures Contracts
Trading Hours	07:30 - 16:00 hours

Unless otherwise indicated, all times are London times.

Algorithm: Central order book applies a price/time priority trading algorithm.

Wholesale Services: Asset Allocation, Basis Trading, Block Trading and Bclear.

Exchange Delivery Settlement Price (EDSP): The London market price at 11:30 hours on the Last Trading Day. The invoicing amount in respect of each Deliverable Swiss Confederation Bond is to be calculated by the price factor system.

Contract Standard: Delivery may be made of any bonds on the List of Deliverable Swiss Confederation Bond in respect of a delivery month of an Exchange Contract, as published by the Exchange. All bond issues included in the List will have the following characteristics:

- having terms as to redemption such as provide for redemption of the entire Swiss Confederation Bond issue in a single instalment such that the length of time to the maturity date from the Delivery Day of the relevant delivery month is within the maturity range for the relevant Exchange Contract specified by the Board in the Contract Details;
- in the case of Swiss Confederation Bonds with an early redemption option, the first and last possible redemption dates as of the Delivery Day of the relevant delivery month must be within the maturity range for the relevant Exchange Contract specified by the Board in the Contract Details;
- bearing interest at a single fixed rate throughout the term of the issue payable in arrears annually (except in the case of the first interest payment period which may be more or less than a year);
- being denominated and payable as to principal and interest only in Swiss Franc and Cents (Rappen);
- having an aggregate principal amount outstanding of not less than CHF 500 million which, by its terms and conditions, if issued in more than one tranche or tap or issue, is fungible.

Clearing: ICE Clear Europe Limited