

LONDON NOTICE No. 3407

ISSUE DATE: 18 March 2011
EFFECTIVE DATE: 1 April 2011

SHORT TERM INTEREST RATE (“STIR”) FUTURES CONTRACTS

U.S. LIQUIDITY PROVIDER PROGRAMME

Executive Summary

This Notice informs Members of the extension of, and a revision to, the Liquidity Provider Programme in respect of Short Term Interest Rate (“STIR”) Futures Contracts for eligible proprietary traders based in the United States. The revised programme will be effective from 1 April 2011 to 30 September 2011 inclusive.

1. Introduction

- 1.1 London Notice No. 3266, issued on 23 March 2010, informed Members of the extension of the U.S. Liquidity Programme (“USLP”) in respect of Short Term Interest Rate (“STIR”) Futures Contracts for eligible proprietary traders based in the United States.
- 1.2 This Notice informs Members that the USLP will be extended for a period of six months from **1 April 2011 to 30 September 2011**, based on revised terms and conditions.
- 1.3 London Notice No. 3409, also issued today, informs Members that the U.S. Derivatives Market, NYSE Liffe U.S., is introducing a Three Month Eurodollar Futures Contract on LIFFE CONNECT[®] on and from 21 March 2011 and, as a result, the LIFFE Eurodollar Futures Contract will no longer be included in the USLP, with effect from 1 April 2011.

2. Qualifying Business

- 2.1 A revised definition of “Qualifying Business” will come into effect on 1 April 2011. “Qualifying Business” shall be business which satisfies the following criteria:
 - (a) it is executed in the Euribor Futures Contract, Short Sterling Futures Contract, and Euroswiss Futures Contract (together the “Contracts”);
 - (b) it is assigned to a person registered by the Exchange as a USLP trader (the “Participating Trader”); and
 - (c) it is proprietary business of the Participating Trader and not client business.

Web site: www.nyx.com/liffe

The **Euronext Derivatives Markets** comprise the markets for derivatives operated by Euronext Amsterdam, Euronext Brussels, Euronext Lisbon, Euronext Paris and LIFFE Administration and Management, referred to respectively as the Amsterdam, Brussels, Lisbon, Paris and London markets. Euronext is part of the NYSE Euronext group.

3. USLP Fee Structure

- 3.1 Subject to the terms and conditions summarised in this Notice, the USLP provides Participating Traders, who transact more than 1,500 lots of Qualifying Business during a calendar month, with reduced Exchange trading fees as detailed in the table below:

USLP Fee Structure		
Monthly Volume (lots)	Net Fee per lot per side	Fee Rebate per lot per side
0 – 1,500	£0.25	£0.00
1,501 – 15,000	£0.20	£0.05
15,001 – 27,000	£0.15	£0.10
27,001 – 40,000	£0.10	£0.15
> 40,000	£0.25 ¹	£0.00

- 3.2 Reduced Exchange trading fees will be effected by way of rebates in the normal manner and will only be available in respect of Qualifying Business transacted by the Participating Trader.
- 3.3 For the avoidance of doubt, the standard clearing fee of 3 pence per side, per lot will continue to apply.
- 3.4 Individuals registered in the USLP may not be registered on any other Exchange Liquidity Provider Programme in respect of the Euribor, Euroswiss, or Short Sterling Futures Contracts whilst they remain registered on the USLP.
- 3.5 U.S. proprietary traders who are registered with the Exchange for the current USLP will be deemed to continue on the revised USLP. Registered participants who no longer wish to participate on the USLP must inform the Exchange by written notice as soon as is reasonably possible.

4. Summary of other Terms and Conditions

- 4.1 To be eligible to participate in the USLP, traders must be U.S. based proprietary traders:
- (a) who are registered with the CFTC as floor traders or floor brokers and whose principal activities include trading futures on a discretionary basis for their own account; or
 - (b) whose principal activity is trading futures on a discretionary basis for their own account; or
 - (c) who are trading for the account of a U.S. entity whose principal activity is trading futures on a discretionary basis, such as proprietary trading groups, trading arcades and other institutional trading entities deemed eligible by the Exchange at its absolute discretion.
- 4.2 Individuals registered in the USLP will be permitted to terminate their USLP registration in order to transfer into the Euribor LP Programme, Sterling LP Programme, or Euroswiss LP Programme (collectively the “LP Programmes”), but will not subsequently be permitted to re-

¹ The USLP Programme is designed as an introduction to LIFFE STIR Futures for U.S. based participants, as such the benefits are capped at 40,000 lots. Registered participants who transact in excess of 40,000 lots per calendar month may be eligible to apply for the Exchange’s other incentive programmes (as described in section 4.2).

register for the USLP unless or until this Programme is renewed after 30 September 2011. Details concerning those LP Programmes can be found on the NYSE Euronext website (www.nyx.com/stirlpschemes).

- 4.3 In relation to the Contracts, Exchange trading fee rebates for all Qualifying Business transacted by a Participating Trader will be made one month in arrears. Exchange trading fees are calculated on the basis of 25 pence per lot, per side for each of the Contracts.
- 4.4 In the event that any Qualifying Business which may give rise to a benefit under the terms of the USLP may also qualify as business giving rise to a benefit under any other Exchange liquidity provision, market making or other similar programme or arrangement (regardless of whether such scheme or arrangement is an “incentive scheme” within the FSA’s guidance), the Exchange reserves the right in its absolute discretion to take one or more of the following actions:
- (a) not to credit any further rebates otherwise due under the USLP;
 - (b) to re-charge some or all of the discounted transaction fees made under the USLP; and
 - (c) to terminate the USLP Agreement by notice to the parties with immediate effect.
- 4.5 The Exchange reserves the right in its absolute discretion to terminate the USLP by Notice.

5. Identification of Qualifying Business

- 5.1 Once an individual has been registered in the USLP, their Qualifying Business will be identified through a single unique entry into the User Specified field (a LIFFE CONNECT[®] field that translates into a single Account Reference in the Trade Registration System (“TRS”)) used exclusively by that individual and solely for their activity in that capacity.
- 5.2 Applicants should be aware that after a LIFFE CONNECT[®] trade enters TRS, the Account Reference field can be amended through TRS 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.
- 5.3 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.
- 5.4 **The Exchange stresses that any underpayment of trading fee rebates resulting from inaccurate application/registration details will not be corrected retrospectively by the Exchange.**
- 5.5 If a Participating Trader decides to make changes to the trading and/or clearing arrangement 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 Participating Trader 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 paragraph 3.

6. Application Process

- 6.1 Members may register eligible U.S. based proprietary traders at any time throughout the duration of the USLP, up to and including the penultimate month of the Programme. To benefit from the rebate of Exchange trading fees in a particular calendar month, eligible U.S. proprietary traders must be registered with the Exchange in the USLP prior to the start of that calendar month.
- 6.2 Members wishing to register individual U.S. proprietary traders in the USLP should request a copy of the formal Terms and Conditions in respect of the USLP and an application form from Colleen Herbert. The Exchange reserves the right to limit participation in the USLP and shall accept individuals for participation at its absolute discretion.

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

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