

## **LONDON NOTICE No. 3534**

ISSUE DATE: 25 November 2011  
EFFECTIVE DATE: 1 December 2011

### **SHORT TERM INTEREST RATE (“STIR”) FUTURES CONTRACTS**

### **INDIVIDUAL LIQUIDITY PROVIDER AND DISCOUNT PROGRAMMES**

#### **Executive Summary**

This Notice informs Members of the renewal of the STIR LP Programmes and STIR Discount Programmes from 1 December 2011 until 31 December 2012.

#### **1. Introduction**

- 1.1 London Notice No. 3422, issued on 19 April 2011, provided Members with details of the Liquidity Provider Programmes for individuals (“Individual LPs”) in Three Month Euro (EURIBOR) (“Euribor LP Programme”), Three Month Sterling (Short Sterling) (“Sterling LP Programme”) and Three Month Euro Swiss Franc (Euroswiss) (“Euroswiss LP Programme”) Interest Rate Futures Contracts (collectively the “STIR LP Programmes”), and informed Members about a revision to the net Exchange trading fees in respect of the Euribor LP Programme and Sterling LP Programme.
- 1.2 London Notice No. 3410, issued on 24 March 2011, informed Members of the introduction of a STIR Discount schedule (the “STIR Discount Programme”) targeted at Members and eligible clients of Members (together the “Firms”) that have Individual LPs registered on one or more of the STIR LP Programmes.
- 1.3 This Notice informs Members of the renewal of the STIR LP Programmes and the STIR Discount Programme on and from **Thursday 1 December 2011** until close of business **Monday 31 December 2012**.
- 1.4 Those who are currently registered as an Individual LP in any of the STIR LP Programmes and those Firms who are currently registered on the STIR Discount Programme will not be required to re-apply and will automatically be re-registered under the relevant Programme(s) from 1 December 2011. Any participant wishing to terminate their registration should contact their Account Manager.

Web site: [www.nyx.com/liffe](http://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.

## **2. Benefits of the STIR LP Programmes**

- 2.1 Individuals registered on the STIR LP Programmes will be eligible for reduced Exchange trading fees in respect of Qualifying STIR LP Business. A full list of the net Exchange trading fees for the Euribor LP Programme, Sterling LP Programme and Euroswiss LP Programme are contained in the Attachment to this Notice.

## **3. Qualifying STIR LP Business**

- 3.1 For each of the STIR LP Programmes, “Qualifying STIR LP Business” is business which satisfies the following criteria:
- (a) executed in the relevant STIR Futures Contracts to which the Programme applies;
  - (b) assigned to a person registered by the Exchange as an Individual LP on the relevant Programme; and
  - (c) proprietary business of the Individual LP and not client business.

## **4. Summary of Other Terms and Conditions of the STIR LP Programme**

- 4.1 In general terms, an Individual LP is an individual who, through his trading activity (involving behaviour such as price improvement and the facilitation of order flow), supports and enhances the liquidity of LIFFE’s STIR Futures Contracts. A typical example of such behaviour is the frequent submission of orders into the LIFFE CONNECT<sup>®</sup> central order book to attract and satisfy customer order flow. Specifically, the Exchange defines an Individual LP as an individual:
- (a) whose principal activities include trading futures on a discretionary basis for his own account, or for the proprietary account of an employer in which he has an interest;
  - (b) whose trading activity contributes to price discovery and satisfies the futures order flow of other market participants; and
  - (c) who can demonstrate that they have met the appropriate minimum volume threshold requirement in any calendar month during the six month period prior to the calendar month in which the LP benefits are due to commence.
- 4.2 The minimum volume threshold requirements for Individual LP applications for each of the Euribor LP Programme, Sterling LP Programme and Euroswiss LP Programme are set out in the table below:

<b>STIR LP Programme</b>	<b>Minimum Volume Threshold (Lots)</b>
Euribor LP Programme	20,000
Sterling LP Programme	8,000
Euroswiss LP Programme	2,000

## 5. Benefits of the STIR Discount Programme

5.1 Firms registered on the STIR Discount Schedule will benefit from the greater of:

- (a) the combined rebates owed during a calendar month to all Individual LPs who are owners, employees or contractors of the Firm and registered on the STIR LP Programmes; or
- (b) rebates through the Exchange trading fee discount resulting from the sum of all Qualifying STIR Discount Business of the Firm as applied to the STIR Discount Schedule set out in the table below:

Monthly STIR Volume (Lots)		Exchange Trading Fee Discount	Discount Fee
-	500,000	0%	£0.250
500,001	1,000,000	30%	£0.175
1,000,001	2,000,000	40%	£0.150
2,000,001	3,000,000	50%	£0.125
3,000,001	4,000,000	60%	£0.100
4,000,001	5,000,000	70%	£0.075
5,000,001	6,000,000	80%	£0.050
>6,000,000		90%	£0.025

## 6. Qualifying STIR Discount Business

6.1 Under the STIR Discount Programme, “Qualifying STIR Discount Business” is Firm business which must be:

- (a) executed in the following LIFFE futures contracts (the “Contracts”):
  - Three Month Euro (Euribor) Interest Rate Futures Contracts;
  - Three Month Sterling (Short Sterling) Interest Rate Futures Contracts;
  - Three Month Euro Swiss Franc (Euroswiss) Interest Rate Futures Contracts;
- (b) executed by, and assigned to a person registered by the Exchange as an Individual LP on one or more of the STIR LP Programmes;
- (c) executed by an Individual LP who is an owner, employee, or contractor of the Firm; and
- (d) proprietary business of the Firm or of the Individual LP, and not client business.

Business which satisfies all the criteria set out above will qualify for the benefits described in section 5.1.

## 7. Eligibility of the Programme

7.1 The STIR Discount Programme is only open to Firms who have individual traders registered on one or more of the STIR LP Programmes.

## **8. Application Process**

- 8.1 The application forms for the STIR LP Programmes and the STIR Discount Programme will be available from Account Managers, and from the NYSE Euronext website ([www.nyx.com/stirlpschemes](http://www.nyx.com/stirlpschemes)). Those wishing to apply should complete the form and submit it to their Account Manager. The Exchange's decision as to whether applications should be approved on the Programmes shall be final and binding.
- 8.2 Programme terms and conditions are attached to the application form. The Exchange advises every applicant to ensure that they have read and understood the Terms and Conditions, as the Terms and Conditions and applicable Notices govern participation in the STIR LP Programmes and the STIR Discount Programme (the "Agreements").
- 8.3 It is the responsibility of the applicant to ensure that it has met the relevant minimum volume thresholds as specified in paragraph 4.2 prior to submitting their application form for the STIR LP Programmes. Any application form submitted before achieving the relevant minimum volume thresholds will not be subsequently approved by the Exchange if such thresholds are achieved at a later date, and the applicant will be required to re-apply.
- 8.4 For the avoidance of doubt, an individual holding Individual LP status in one contract (e.g. the Euribor Futures Contract) must apply separately for LP status in a different contract (e.g. the Sterling and/or Euroswiss Futures Contracts).
- 8.5 Firms wishing to apply for the STIR Discount Programme should ensure that they have Individual LPs registered on the STIR LP Programmes prior to submitting an application form for the STIR Discount Programme to their Account Manager.
- 8.6 Ultimately, it is the responsibility of the applicant to ensure that all information included on 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.
- 8.7 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 business day of the month shall be registered for the following calendar month.
- 8.8 Where an application for participation in the STIR LP Programmes and/or the STIR Discount Programme is registered by the Exchange in a particular calendar month, only volume assigned to the participant during that calendar month and thereafter will be Qualifying STIR LP Business and/or Qualifying STIR Discount Business.

## **9. Identification of Qualifying Business**

- 9.1 Once a participant has been registered on the STIR LP Programme and/or the STIR Discount Programme, its Qualifying STIR LP Business and/or Qualifying STIR Discount Business, collectively Qualifying Business, will be identified through the User Specified field (a LIFFE CONNECT<sup>®</sup> field that translates into a single Account Reference in the Universal Clearing Platform ("UCP") used exclusively by the Individual LP.
- 9.2 Applicants should be aware that after a LIFFE CONNECT<sup>®</sup> 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. As such, applicants should ensure that they submit in their application the final Account References based on market assigned trades for the Exchange to identify Qualifying Business accurately.

- 9.3 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.
- 9.4 The Exchange stresses that any underpayment of trading fee rebates resulting from inaccurate application/registration details will not be corrected retrospectively by the Exchange.
- 9.5 If a registered participant 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 participant 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 paragraphs 2 and 5.

## **10. Billing Arrangements**

- 10.1 Exchange trading fees will be billed (as they are currently) to Clearing Members at the beginning of the following calendar month. This initial bill will be calculated on the basis of standard fees as published on the NYSE Euronext website. The Exchange will then calculate the rebates on Qualifying Business for registered participants and make rebates to Clearing Members during the following calendar month. For example, rebates for Qualifying Business transacted in December 2011 will be calculated in January 2012 for payment to Clearing Members at the beginning of February 2012.
- 10.2 For the avoidance of doubt, clearing fees of 3 pence per lot, per side will be applied as normal.
- 10.3 In the event that any business which may give rise to a benefit under the terms of the STIR Discount Programme and the STIR LP Programmes may also qualify as business undertaken by the Individual LP giving rise to a benefit under any other Exchange liquidity provision, market making or other similar programme or arrangement (“Other Arrangements”) (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 the Other Arrangements;
  - (b) withhold the credit of any further rebates otherwise due under the STIR Discount Programme or the STIR LP Programmes;
  - (c) re-charge some or all of the rebates made under the STIR Discount Programme or the STIR LP Programmes; and
  - (d) terminate the Agreements by notice to the parties with immediate effect.
- 10.4 The Exchange reserves the right in its absolute discretion to amend or terminate the STIR LP Programmes and/or the STIR Discount Programme by Notice.

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)

**Euribor Futures – Net Exchange trading fees for an individual trader registered as a Euribor Liquidity Provider (“LP”).**

<b>WHITE DELIVERY MONTHS</b>		<b>RED DELIVERY MONTHS</b>		<b>GREEN DELIVERY MONTHS</b>		<b>BLUE DELIVERY MONTHS</b>	
Quarters 1 to 4 including serial months		Quarters 5 to 8		Quarters 9 to 12		Quarters 13 to 16	
Monthly Volume (Lots)	Fee per lot per side	Monthly Volume (Lots)	Fee per lot per side	Monthly Volume (Lots)	Fee per lot per side	Monthly Volume (Lots)	Fee per lot per side
0-15,000	<b>25p</b>	0-10,000	<b>20p</b>	0-3,000	<b>15p</b>	0-100	<b>10p</b>
15,001-250,000	<b>15p</b>	10,001-25,000	<b>14p</b>	3,001-10,000	<b>10p</b>	101-2,500	<b>7p</b>
250,001-500,000	<b>12p</b>	25,001-75,000	<b>11p</b>	10,001-25,000	<b>8p</b>	2,501-5,000	<b>5p</b>
500,001-1,200,000	<b>10p</b>	75,001 – 300,000	<b>7p</b>	25,001-75,000	<b>5p</b>	5,001-10,000	<b>4p</b>
>1,200,000	<b>8p</b>	>300,000	<b>5p</b>	>75,000	<b>3p</b>	>10,000	<b>2p</b>

Note: Under the terms of the Euribor LP Programme the net Exchange trading fee for “gold” delivery months (quarters 17 to 20) is zero.

**Short Sterling Futures – Net Exchange trading fees for an individual trader registered as a Sterling Liquidity Provider (“LP”).**

<b>WHITE DELIVERY MONTHS</b>		<b>RED DELIVERY MONTHS</b>		<b>GREEN DELIVERY MONTHS</b>		<b>BLUE DELIVERY MONTHS</b>	
Quarters 1 to 4 including serial months		Quarters 5 to 8		Quarters 9 to 12		Quarters 13 to 16	
Monthly Volume (Lots)	Fee per lot per side	Monthly Volume (Lots)	Fee per lot per side	Monthly Volume (Lots)	Fee per lot per side	Monthly Volume(Lots)	Fee per lot per side
0-10,000	<b>25p</b>	0-7,500	<b>20p</b>	0-2,000	<b>10p</b>	0-100	<b>9p</b>
10,001-100,000	<b>15p</b>	7,501-20,000	<b>12p</b>	2,001-7,500	<b>7p</b>	101-1,000	<b>7p</b>
100,001-450,000	<b>12p</b>	20,001-50,000	<b>8p</b>	7,501-20,000	<b>4p</b>	1,001-5,000	<b>4p</b>
450,001-1,200,000	<b>9p</b>	50,001-200,000	<b>5p</b>	>20,000	<b>2p</b>	>5,000	<b>2p</b>
>1,200,000	<b>8p</b>	>200,000	<b>2p</b>				

Note: Under the terms of the Sterling LP Programme the net Exchange trading fee for “gold” delivery months (quarters 17 to 20) is zero.

**Euroswiss Futures** – Net Exchange trading fees for an **individual trader** registered as a **Euroswiss Liquidity Provider (“LP”)**.

<b>WHITE DELIVERY MONTHS</b>	
Quarters 1 to 4	
Monthly Volume(Lots)	<b>Fee per lot per side</b>
0-2,000	<b>25p</b>
2,001-20,000	<b>15p</b>
20,001-40,000	<b>12p</b>
> 40,000	<b>9p</b>

<b>FRONT RED DELIVERY MONTHS</b>	
Quarters 5 & 6	
Monthly Volume (Lots)	<b>Fee per lot per side</b>
0-400	<b>22p</b>
401-6,000	<b>15p</b>
6,001-9,000	<b>12p</b>
> 9,000	<b>9p</b>

<b>BACK RED DELIVERY MONTHS</b>	
Quarters 7 & 8	
Monthly Volume (Lots)	<b>Fee per lot per side</b>
0-400	<b>15p</b>
401-6,000	<b>13p</b>
6,001-9,000	<b>9p</b>
>9,000	<b>6p</b>

Note: Under the Euroswiss LP Programme the net Exchange trading fee for “green” delivery months (quarters 9 to 12) is zero.