

LONDON NOTICE No. 2864

ISSUE DATE: 22 March 2007
EFFECTIVE DATE: 2 April 2007

NEW MARKET PARTICIPANTS SCHEME

Executive Summary

This Notice informs members of revisions to the scheme for new market participants.

1. Introduction

- 1.1 LIFFE Circular No. 03/08, issued on 5 February 2003, provided details of a scheme for new market participants which was designed to enhance liquidity in certain London contracts ("the Scheme"). Additionally, LIFFE Circular No. 05/05 and London Notice No. 2762, issued on 11 March 2005 and 25 April 2006 respectively, advised members of revised terms in respect of the Scheme.
- 1.2 This Notice informs members of revisions to the structure of the Scheme, which will take effect on and from 2 April 2007 (i.e. the current Scheme will end one month earlier than previously announced and will be replaced by the revised Scheme). The revised Scheme will be open to applications up to and including 31 March 2008. Participants registered in the current Scheme between 2 January 2007 and 30 March 2007 will be automatically grandfathered into the revised Scheme.
- 1.3 The revisions to the Scheme are as follows:
 - (a) EuroMTS Government Bond Index Contracts will be brought into the scope of the Scheme and will be eligible contracts, alongside all interest rate, bond and equity index futures traded on the London market;
 - (b) benefits under the terms of the Scheme will be calculated on the basis of the aggregate volume traded in all eligible contracts, subject to monthly caps; and
 - (c) the period for which benefits can be received under the Scheme will be six months for all eligible contracts.
- 1.4 The remainder of this Notice describes the terms of the revised Scheme and the application process.

Web site: www.euronext.com/derivatives

The **Euronext Derivatives Markets** ("**Euronext.liffe**") include 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 NV, PO Box 19163, 1000 GD Amsterdam, The Netherlands

2. Eligibility for the Scheme

2.1 The Scheme is open to any individual trader:

- (a) who has no prior derivatives trading experience, who is undergoing training which involves trading London futures contracts, and who will support and enhance the liquidity of those contracts;
- (b) whose principal activities will 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; and
- (c) whose trading activity will contribute to price discovery and will satisfy the futures order flow of other market participants.

2.2 To be eligible, traders must also continue to receive suitable training support within their trading firm. Members are reminded of their overarching obligations under the Rules to organise and control their affairs in a responsible manner and to ensure that all staff involved in LIFFE business are suitable, adequately trained and properly supervised. Relevant guidance in this respect was issued under cover of Circular No. 99/28 on 25 February 1999.

2.3 Commodity futures contracts are not covered by the Scheme. As described in London Circular No. 06/03, issued on 16 August 2006, a separate scheme is available for London commodity contracts.

2.4 Each individual registered for inclusion in the Scheme may participate in the Scheme for a maximum period of six months. Those grandfathered into the new Scheme may participate for a maximum of six months in aggregate, taking into account their participation in both the current Scheme and the new Scheme.

2.5 Individuals registered for inclusion in the Scheme are excluded from registration in any other LIFFE scheme during the period of their inclusion in the New Market Participants Scheme.

3. Qualifying Business

3.1 Business which satisfies the following criteria will qualify for a capped volume discount. Under the Scheme such “Qualifying Business” must be:

- (a) executed in an eligible London futures contract (excluding commodity futures);
- (b) executed by, and assigned to, a person registered by the Exchange as a participant in the Scheme; and
- (c) own/proprietary account business of the registered participant (see paragraph 2.1(b) above), and not client business.

3.2 The purpose of the Scheme is to encourage new traders who intend to trade for their own or proprietary accounts. Therefore, individuals who intend also to execute business on behalf of clients while participating in the Scheme should inform the Exchange.

4. Benefits

- 4.1 Each registered participant will benefit from fully rebated Exchange transaction fees for Qualifying Business, subject to a monthly cap, as follows:

Month One	Up to 2,000 lots
Month Two	Up to 3,500 lots
Month Three	Up to 4,500 lots
Month Four	Up to 6,000 lots
Month Five	Up to 7,500 lots
Month Six	Up to 10,000 lots

- 4.2 In circumstances where eligible contracts have different Exchange transaction fees, within the relevant monthly cap the Exchange shall calculate rebates due on such contracts beginning with those which attract the highest transaction fee. Any business executed in excess of the monthly levels set out in paragraph 4.1 will attract the normal Exchange transaction fee for the futures contract concerned.
- 4.3 Standard LCH.Clearnet Ltd clearing fees of 3p per side, per lot (5 U.S. cents per side, per lot for Eurodollar Futures and 5 euro cents per side, per lot for EuroMTS Government Bond Index Futures) will continue to apply to all business transacted by participants in the Scheme.

5. Application Process

- 5.1 Members wishing to apply for eligible traders to be included in the Scheme should request application forms by contacting their Account Manager or by sending an e-mail to uksales@liffe.com. Completed application forms should be returned by fax to Account Managers using fax number +44 (0) 20 7379 2818 by the penultimate business day of the month, for the eligible traders to be included in the Scheme from the beginning of the following month. Applications may be made at any time **up to and including 31 March 2008**.
- 5.2 The Exchange's decision about whether to approve an application shall be final. Furthermore, the Exchange reserves the right to limit the number of participants in the Scheme.

6. Administrative Arrangements

- 6.1 Once an individual has been registered for inclusion in the Scheme it will be necessary for the Exchange to be able to identify his trading through a unique entry in the User Specified field (a LIFFE CONNECT[®] field which translates into the Account Reference on TRS) used exclusively by the trader.

- 6.2 Transaction fees will be billed to clearing members shortly after the end of each month, on the basis of the standard Exchange transaction fee for the futures contract concerned. Fees paid in respect of volume transacted at or below the monthly cap will be rebated to clearing members in the following month on the basis of the relevant Exchange transaction fee, e.g. fees arising from transactions in May will be paid in June and rebated in July.

For further information in relation to this Notice, members should contact their Account Manager or one of the following:

Equity Product Management	+44 (0)20 7379 2200	equities@liffe.com
Interest Rate Product Management	+44 (0)20 7379 2222	stirs@liffe.com