

LONDON NOTICE No. 3239

ISSUE DATE: 6 January 2010
EFFECTIVE DATE: 1 February 2010

THREE MONTH EONIA SWAP INDEX FUTURES CONTRACT

LIQUIDITY PROVIDER SCHEME

Executive Summary

This Notice informs Members of the extension to the Liquidity Provider Scheme in the Three Month EONIA Swap Index Contract and details the application process.

1. Introduction

- 1.1 London Notice No. 3179, issued on 29 July 2009, informed Members of the extension to the Liquidity Provider Scheme for the Three Month EONIA Swap Index Futures Contract (“the EONIA LP Scheme”) until 29 January 2010.
- 1.2 This Notice informs Members that the EONIA LP Scheme is to be extended for a further six month period, from **1 February 2010 to 30 July 2010 inclusive**. The EONIA LP Scheme will be open to applications up to and including 31 May 2010. Those who are already registered on the Scheme will be deemed to continue as members of the Scheme from 1 February 2010 unless the Exchange is otherwise notified on or before 29 January 2010.
- 1.3 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 Fixed Income Derivatives at NYSE Liffe.

2. Overview of the EONIA LP Scheme

- 2.1 Those registered on the EONIA LP Scheme will benefit from a rebate of Exchange transaction fees on all eligible business transacted in the Three Month EONIA Swap Index Contract such that the net Exchange transaction fee will equate to 10 pence per lot, per side.
- 2.2 The Exchange transaction fee rebate is only available in respect of “Qualifying Business” transacted by individuals registered by the Exchange as EONIA LPs.

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. Qualifying Business

3.1 “Qualifying Business” is business which satisfies the following criteria:

- (a) executed by the EONIA LP in the Three Month EONIA Swap Index Futures Contract;
- (b) assigned to a person registered by the Exchange as an EONIA LP; and
- (c) proprietary business of the EONIA LP and not client business.

3.2 In general terms, an EONIA 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 the Contract. A typical example of such behaviour is the frequent submission of orders into the LIFFE CONNECT[®] central order book to attract and satisfy customer order flow. Specifically, the Exchange defines an EONIA LP as:

- (a) an individual 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; and
- (b) whose trading activity contributes to price discovery and satisfies the futures order flow of other market participants.

3.3 There is no volume threshold requirement in relation to the EONIA LP Scheme. Individuals can simply register with the Exchange and, if accepted, will benefit from the reduction in Exchange transaction fees in relation to Qualifying Business.

4. Application Process

4.1 The EONIA LP application form can be found on the NYSE Euronext website at www.nyx.com/stirlpschemes and is also available from Account Managers. Those wishing to apply for EONIA LP status should complete the form and submit it to their Account Manager. The Exchange’s decision as to whether applications should be approved for EONIA LP status shall be final and binding.

4.2 Scheme Terms and Conditions are attached to the application form. The Exchange advises every applicant to ensure that they have read and understood those Terms and Conditions, as the Terms and Conditions and applicable Notices govern participation in the Scheme.

4.3 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 transaction fee rebates.

4.4 Applications submitted near to the end of a month may not be approved until the next calendar month and Qualifying Business may not be deemed to have commenced until the calendar month following such approval.

5. Identification of Qualifying Business

5.1 Once an individual has been registered as an EONIA LP, his Qualifying Business will be identified through a single unique entry in the User Specified field (a LIFFE CONNECT[®] field which translates into a single Account Reference in the Trade Registration System (“TRS”)) used exclusively by the EONIA LP and solely for his activity in that capacity.

- 5.2 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 transaction fee rebates would be awarded.
- 5.3 Applicants should be aware that after a LIFFE CONNECT® trade enters TRS, the Account Reference field can be amended through TRS post trade processing. For example, allocation can be made to a different Account Reference. As such, applicants should ensure that they submit in their application the final Account Reference of their trades for the Exchange to identify Qualifying Business accurately.
- 5.4 The Exchange stresses that any underpayment of transaction fee rebates resulting from inaccurate application/registration details will not be corrected retrospectively by the Exchange.

6. Billing Arrangements

- 6.1 Exchange transaction fees will be billed (as they are currently) to clearing members at the beginning of the next calendar month. The initial bill will be calculated on the basis of 25 pence per lot, per side for all delivery months. The Exchange will then apply a reduction of 15 pence per lot, per side for all registered EONIA LPs and make rebates to clearing members during the following calendar month.
- 6.2 For the avoidance of doubt, clearing fees of 3 pence per lot, per side will be applied to all traded volume transacted by EONIA LP Scheme participants.
- 6.3 In the event that any business which may give rise to a benefit under the terms of the LP Scheme may also qualify as business undertaken by the LP giving rise to a benefit under any other Exchange liquidity provision, market making or other similar scheme 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 Scheme;
 - (b) to re-charge some or all of the discounted transaction fees made under the Scheme; and
 - (c) to terminate the LP Agreement by notice to the parties with immediate effect.

7. Change in LP Details

- 7.1 If a registered EONIA LP 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 EONIA LP to provide the Exchange with formal notification of such amendments in a timely manner, ideally in advance. Failure to do so could result in inaccurate registrations and transaction fee rebates not being received.

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

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