

LONDON NOTICE No. 3506

ISSUE DATE: 27 September 2011
EFFECTIVE DATE: 3 October 2011

PUBLICATION OF A “COMMITMENTS OF TRADERS” REPORT FOR NYSE LIFFE LONDON COMMODITY CONTRACTS

Executive Summary

This Notice informs Members of the commencement of the publication of a weekly Commitments of Traders report with effect from 3 October 2011.

1. Publication of a Commitments of Traders Report

- 1.1 London Info-Flash No. LO10/23, issued on 7 September 2010, informed Members of the Exchange’s preparations for the publication of a Commitments of Traders (“COT”) report, preparation for which has involved back office systems suppliers as well as relevant Members during the intervening period. This Notice informs Members that the Exchange will begin publishing a weekly COT report for commodity futures contracts listed on the London market of NYSE Liffe with effect from Monday 3 October 2011.
- 1.2 The COT reports will be published every Monday at 12:00 London time, or as soon as reasonably practicable thereafter, in relation to positions held and reported to the Exchange as at the close of business of the previous Tuesday. On the first publication day the Exchange will also make available for comparison the previous three weekly reports. The reports will be made available on the NYSE Euronext website: (<http://globalderivatives.nyx.com/nyse-liffe/end-of-day-files>).
- 1.3 The COT reports will show a breakdown of Open Interest across certain pre-defined categories of position. To ensure consistency across markets the COT report has been designed in a similar format to the established U.S. Commodity Futures Trading Commission (“CFTC”) report. Consequently, the classifications used by the Exchange will be compatible with the CFTC definitions.

2. Position Reporting for Commodity Contracts

- 2.1 Members are reminded that London Notice No. 3383, published on 14 January 2011, set out the on-going client reporting requirements for Members in relation to commodity contracts listed on the London market of NYSE Liffe. The Notice confirmed the details of qualifying client positions, file formats and instructions for the delivery of electronic files and access to the staging server accounts. These submissions from Members will continue to form the basis for the publication of the COT reports.

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. **Categorisation of Clients**

- 3.1 Members are required to classify all qualifying clients identified in the above Notice into one of the categories set out in section 3.2 below. Members should complete the “NYSE Liffe “Commitments of Traders” Category Form” (which forms Attachment 1 to this Notice) and return to the Exchange by e-mail to commoditiesrisk@nyx.com by no later than 12:30 London time on the business day following the trading day when the reporting criteria was first met.
- 3.2 Both Clearing and Non Clearing Members are required to nominate the classification for each of their first level clients in relation to commodity contracts listed on the London market of NYSE Liffe in one of the following:

Producer/Merchant/Processor/User

Entities predominantly engaged in the production, processing, packing or handling of a physical commodity and who use the futures markets to manage or hedge risks associated with those activities. Examples of such “Commercial” participants would include commodity trading firms with physical exposures, producers, exporters/importers, coffee roasters, cocoa processors, sugar refiners, food and confectionary manufacturers, millers, crushers.

Swap Dealer/Index Trader

- (a) Entities that deal primarily in swaps or other Over The Counter (“OTC”) transactions in the commodity in question and who use the futures markets to manage or hedge the risk associated with those transactions. The swap dealer’s counterparties may be speculative traders, such as hedge funds, or traditional commercial clients that are managing risk arising from their dealings in the physical commodity.
- (b) Entities primarily engaged in index trading. Examples of swap dealers and index traders include investment banks and other complex financial institutions.

Money Manager

Entities managing and conducting futures trading on behalf of financial clients and investment firms. Examples include hedge funds, pension funds, registered US commodity trading advisors or commodity pool operators.

Other Reportables

Every other reportable client that is not placed into one of the other three categories is placed into the “other reportables” category. Examples include proprietary trading groups, algorithmic traders and local traders.

- 3.3 With regard to the classification of client positions for the COT report, the Exchange has determined that for those clients for whom Members are already reporting relevant positions to the CFTC, the same classification should be used when reporting positions to the Exchange. For those clients who have not needed to be classified under the CFTC regime, Members should determine, to the extent possible and reasonable, which classification is the most appropriate. Where some multi-service or multi-functional organisations have centralised their futures trading activity, Members should report each client in the most appropriate category based on their predominant activity. The actual classification of a client into a category may involve some exercise of judgement by the Member where the client is active across more than one category.

- 3.4 Explanatory notes providing further details on the classifications and a description of the report headings are attached as Attachment 2 to this Notice. The explanatory notes will also be made available on the NYSE Euronext website at the address set out in section 1.2 of this Notice, once the COT reports commence publication.
- 3.5 A second report, containing futures positions combined with options positions which have been converted to delta-equivalent futures positions, will be published later during 2011.

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

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Commodities Risk Operations	+44 (0)20 7379 2117	commoditiesrisk@nyx.com

NYSE LIFFE “COMMITMENTS OF TRADERS” CATEGORY FORM**INSTRUCTIONS TO MEMBERS**

Please classify each legal entity for which futures and options positions must be reported into one of the following four categories: **Producer/Merchant/Processor/User; Swap Dealer; Money Manager; and Other Reportables**. For those clients who have already been categorized for the CFTC, the same classification should be used for these purposes.

PLEASE TYPE OR PRINT

1. Please give name, office address and business telephone number of person to contact regarding the futures or option trading of the entity.

Legal Name of the entity:	Name (Print):	
	Title:	
	Business Address:	
	Country:	Postal Code:
	Business Phone:	Email:

2. Please tick one of the following categories that is most appropriate to the client's business activities. Detailed descriptions are attached for each category.

- a) Producer/Merchant/Processor/User ☐
 b) Swap Dealers ☐
 c) Managed Money ☐
 d) Other Reportables ☐

Please tick the following box if the client has previously been categorized for the purposes of the CFTC. ☐

3. Please give name, office address and business telephone number of person to contact of the reporting Member.

Legal Name of the Report Member:	Name (Print):	
	Title:	
	Business Address:	
	Country:	Postal Code:
	Business Phone:	Email:
	Signature:	

NYSE LIFFE “COMMITMENTS OF TRADERS” CATEGORY FORM

Descriptions of the 4 categories:

Producer/Merchant/Processor/User

Entities predominantly engaged in the production, processing, packing or handling of a physical commodity and who use the futures markets to manage or hedge risks associated with those activities. Examples of such “Commercial” participants would include commodity trading firms with physical exposures, producers, exporters/importers, coffee roasters, cocoa processors, sugar refiners, food and confectionary manufacturers, millers, crushers.

Swap Dealer/Index Trader

(a) Entities that deal primarily in swaps or other Over The Counter (“OTC”) transactions in the commodity in question and who use the futures markets to manage or hedge the risk associated with those transactions. The swap dealer’s counterparties may be speculative traders, such as hedge funds, or traditional commercial clients that are managing risk arising from their dealings in the physical commodity.

(b) Entities primarily engaged in index trading.

Examples of swap dealers and index traders include investment banks and other complex financial institutions.

Money Manager

Entities managing and conducting futures trading on behalf of financial clients and investment firms. Examples include hedge funds, pension funds, registered US commodity trading advisors or commodity pool operators.

Other Reportables

Every other reportable client that is not placed into one of the other three categories is placed into the “other reportables” category. Examples include proprietary trading groups, algorithmic traders and local traders.

NYSE Liffe Commodity Derivatives

Commitments of Traders Report

Explanatory Notes

1. Background

The NYSE Liffe Commitments of Traders Reports (COT) provide a breakdown of open interest in respect of commodity contracts listed on the London market of NYSE Liffe across certain pre-defined categories.

To ensure consistency across markets the NYSE Liffe COT has been designed in a similar format as that published by the U.S. Commodity Futures Trading Commission (“CFTC”).

The NYSE Liffe COT reports are published every Monday on a weekly basis in relation to futures positions held and reported to the Exchange as at the close of business of the previous Tuesday. In the event of UK public holiday/s, the publishing of the reports are delayed by the number of holidays between the reporting day and the publishing day.

The NYSE Liffe COT report for futures can be found at: <http://globalderivatives.nyx.com/nyse-liffe/end-of-day-files>.

2. Reportable Positions

Both Clearing Members and Non-Clearing Members are required to submit all client positions in excess of 100 lots in all delivery months of commodity contracts listed on the London market of NYSE Liffe.

3. Categorisation of Clients

With regard to the classification of client positions for the COT report, the Exchange has determined that for those clients for whom Members are already reporting relevant positions to the CFTC, the same classification should be used when reporting positions to the Exchange. For those clients who have not needed to be classified under the CFTC regime, Members have determined, to the extent possible and reasonable, which classification are the most appropriate. Where some multi-service or multi-functional organisations have centralised their futures trading activity, Members have been directed to report each client in the most appropriate category based on their predominant activity. The actual classification of a client into a category may involve some exercise of judgement by the Member where the client is active across more than one category, for example a client who has been classified in the “Producer/Merchant/Processor/User” category may also engage in some swaps activity.

The classifications used by the Exchange are compatible with the CFTC definitions, as follows:

Producer/Merchant/Processor/User

Entities predominantly engaged in the production, processing, packing or handling of a physical commodity and who use the futures markets to manage or hedge risks associated with those activities. Examples of such “Commercial” participants would include commodity trading firms with physical exposures, producers, exporters/importers, coffee roasters, cocoa processors, sugar refiners, food and confectionary manufacturers, millers, crushers.

Swap Dealer/Index Trader

- (a) Entities that deal primarily in swaps or other Over The Counter (“OTC”) transactions in the commodity in question and who use the futures markets to manage or hedge the risk associated with those transactions. The swap dealer’s counterparties may be speculative traders, such as hedge funds, or traditional commercial clients that are managing risk arising from their dealings in the physical commodity.
- (b) Entities primarily engaged in index trading. Examples of swap dealers and index traders include investment banks and other complex financial institutions.

Money Manager

Entities managing and conducting futures trading on behalf of financial clients and investment firms. Examples include hedge funds, pension funds, registered US commodity trading advisors or commodity pool operators.

Other Reportables

Every other reportable client that is not placed into one of the other three categories is placed into the “other reportables” category. Examples include proprietary trading groups, algorithmic traders and local traders.

Non-Reportable Positions

This is a balancing figure and consists of the total reportable long, short and spreading positions subtracted from the overall open interest figure for the commodity. This represents those client positions which do not reach the reportable level.

4. Description of Other Report Headings**Spreading**

For categories other than Producer/Merchant/Processor/User, the spreading column represents the number of offsetting positions each client has in different calendar months.

Number of Traders

This provides the number of clients in each category. The number of clients in each category may exceed the total number of clients in the market if clients fall into both “Long” or “Short” and “Spreading” columns of the report and hence be counted twice.

Percentage of Open Interest

This provides the percentage of open interest in each category. Rounding may cause the sum of all individual clients not to equal 100%.

Disclaimer

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