

LONDON NOTICE NO. 3625

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INTRODUCTION OF THREE YEAR MID-CURVE OPTIONS ON THREE MONTH EURO (EURIBOR) AND THREE MONTH STERLING (SHORT STERLING) INTEREST RATE FUTURES CONTRACTS

Executive Summary

This Notice informs Members of the introduction of Three Year Mid-Curve Options on Three Month Euro (EURIBOR) and Three Month Sterling (Short Sterling) Interest Rate Futures Contracts.

1. Introduction

- 1.1 In response to demand from Members, the Exchange has determined to launch Three Year Mid-Curve Options on Three Month Euro (EURIBOR) and Three Month Sterling (Short Sterling) Interest Rate Futures Contracts (the "Contracts"). The Contracts, which shall be referred to as "Euribor Three Year Mid-Curve Options" and "Sterling Three Year Mid-Curve Options", will be made available for trading on and from **Tuesday 17 July 2012**, and **Thursday 19 July 2012**, respectively.
- 1.2 This Notice provides Members with the following information in respect of the Contracts:
 - (a) Contract Details;
 - (b) Statement in relation to Options on Short Term Interest Rate, Swapnote® and Government Bond Contracts;
 - (c) Trading Licence;
 - (d) Minimum Volume Thresholds for Block Trades;
 - (e) Guaranteed Cross Arrangements;
 - (f) Business Days and Trading Hours;
 - (g) Fees; and
 - (h) U.S. Regulatory Position.

2. Contract Details

- 2.1 The Contracts shall be made available under the terms of Exchange Contract No. 901, the full legal Contract Specification for which will be made available on the NYSE Euronext website (www.nyx.com/liffe) in due course. The Summary Contract Specifications form the Attachment to this Notice.

3. Statement in relation to the Options on Short Term Interest Rate, Swapnote® and Government Bonds Contracts

- 3.1 The Exchange draws the following statement to the attention of potential users of its Options on Short Term Interest Rate, Swapnote® and Government Bond Contracts. Members should ensure that their clients are made aware of the statement:

“Potential users of the Options on Short Term Interest Rate, Swapnote® and Government Bond Contracts made available on the London International Financial Futures and Options Exchange should familiarise themselves with the terms of these contracts and with the terms of the Underlying Futures Contract.”

4. Trading License

- 4.1 Members wishing to execute trades in the Contracts on LIFFE CONNECT® must hold a valid LIFFE CONNECT® Financial Options Trading Subscription.
- 4.2 To claim trades only, Members will need to have the appropriate entitlement set up in the membership database.
- 4.3 To clear trades in the Contracts, Members will require the relevant clearing status (General Clearing Member or Individual Clearing Member) and access to the Universal Clearing Platform.

5. Minimum Volume Thresholds for Block Trades

- 5.1 The Minimum Volume Thresholds for Block Trades for the Contracts in all delivery months shall be as follows:

Contract	Outrights	Strategies (Aggregate)
Euribor Three Year Mid-Curve Options	500	1,000
Sterling Three Year Mid-Curve Options	500	1,000

6. Guaranteed Cross Arrangements

- 6.1 Matching business in the Contracts may be submitted to the Trading Host either by submission to the Central Order Book or as a Guaranteed Cross. Where business is submitted as a Guaranteed Cross, the price of the matching orders may be at the best bid or best offer price in the Central Order Book if the differential between such best bid and best offer is the minimum price movement of the Contract concerned, subject to each order within the Guaranteed Cross satisfying the following minimum volume thresholds:

Contract	Outrights	Strategies (Aggregate)
Euribor Three Year Mid-Curve Options	500	1,000
Sterling Three Year Mid-Curve Options	500	1,000

7. Business Days and Trading Hours

7.1 The Contracts will be available for trading Monday to Friday during 2012 except for non-trading days as specified in the NYSE Liffe 2012 Trading Calendar: www.nyx.com/exchange_holidays.

7.2 Detailed session times for the trading of Contracts are as follows:

Contract	Host	Session Start	Pre Open	Open	Settlement	Pre Close	Close	Session Close
Euribor Options	F	00:30	06:03	07:02	16:15	17:58	18:00	21:35
Sterling Options	F	00:30	06:03	07:32	16:15	17:58	18:00	21:35

8. Fees

8.1 Fees associated with the Contracts, on a per lot, per side basis are detailed in the table below:

Trading Fees	Clearing Fees	Exercise and Assignment Fees
£0.22	£0.03	£0.25

9. U.S. Regulatory Position

9.1 The Contracts will be made available to Members and their Affiliates who are based in the United States, on and from the respective launch dates.

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

Fixed Income Derivatives

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CONTRACT	Three Year Mid-Curve Option on Three Month Euro (EURIBOR) Interest Rate Futures Contract
UNIT OF TRADING	One Three Month Euro (EURIBOR) Interest Rate Futures Contract
CONTRACT STANDARD	<p>Assignment of one Three Month Euro (EURIBOR) Interest Rate Futures at the exercise price. The futures delivery month associated with each option expiry month shall be:</p> <ul style="list-style-type: none"> • March, three years forward, in respect of January, February and March expiry months; • June, three years forward, in respect of April, May and June expiry months; • September, three years forward, in respect of July, August and September expiry months; and • December, three years forward, in respect of October, November and December expiry months
EXPIRY MONTHS	March, June, September, December, and two serial months, such that six expiry months are available for trading, with the nearest three expiry months being consecutive calendar months
LAST TRADING DAY	Two business days prior to the third Wednesday of the expiry month. On the Last Trading Day, trading in the expiring month will cease at 10:00 hours (London time). If such a day is not a business day, Last Trading Day shall mean the next business day following such day.
MINIMUM PRICE MOVEMENT	0.005 (€12.50) (tick size and value)
EXERCISE DEADLINE	Exercise by 17:00 hours (London time) on any business day prior to the Last Trading Day and until 10:45 hours (London time) on the Last Trading Day
EXPIRY TIME	10:45 hours (London time). An option to which the Exchange is party as Buyer and which has not been exercised shall expiry at 07:00 hours (London time) on the business day following the Last Trading Day.
DELIVERY DAY	Delivery on the first business day after day of exercise
TRADING HOURS	07:02 – 18:00 hours (London time)
MARKET / TRADING PLATFORM	London / LIFFE CONNECT®
ALGORITHM	Central Order Book applies a pro-rata trading algorithm, but with priority given to the first order at the best price subject to a minimum order volume and limited to a maximum volume cap
WHOLESALE SERVICES	Block Trading
EXERCISE PRICE INTERVAL	0.125 (i.e. 0.125%) e.g. 94.000, 94.125, 94.250 etc for all expiry months
INTRODUCTION OF NEW SERIES	Seventeen series will be listed for each new expiry month. Additional series will be listed when the Three Month Euro (EURIBOR) Interest Rate Futures Contract settlement price is within 0.06 of the eighth highest or lowest existing exercise price, or as deemed necessary by the Exchange
OPTION PREMIUM	The contract price is not paid at the time of purchase. Option positions, as with futures position, are settled-to-market daily giving rise to positive or negative variation margin flows. When the Buyer exercises/abandons an option, the Buyer is required to pay the original contract price to NYSE Liffe's Clearing Services Provider (the CSP) and the CSP will pay the original option price to the Seller on the following business day. Such payments will be netted against the variation margin balances of Buyer and Seller by the CSP.
CLEARING	NYSE Liffe Clearing
CABINET TRANSACTION PRICE	0.1 Basis Points

CONTRACT	Three Year Mid-Curve Option on Three Month Sterling (Short Sterling) Interest Rate Futures Contract
UNIT OF TRADING	One Three Sterling Interest Rate Futures Contract
CONTRACT STANDARD	<p>Assignment of one Three Month Sterling (Short Sterling) Interest Rate Futures at the exercise price. The futures delivery month associated with each option expiry month shall be:</p> <ul style="list-style-type: none"> • March, three years forward, in respect of January, February and March expiry months; • June, three years forward, in respect of April, May and June expiry months; • September, three years forward, in respect of July, August and September expiry months; and • December, three years forward, in respect of October, November and December expiry months
EXPIRY MONTHS	March, June, September, December, and two serial months, such that six expiry months are available for trading, with the nearest three expiry months being consecutive calendar months
LAST TRADING DAY	Third Wednesday of the expiry month. On the Last Trading Day, trading in the expiring month will cease at 11:00 hours. If such a day is not a business day, Last Trading Day shall mean the next business day following such day.
MINIMUM PRICE MOVEMENT	0.005 (£6.25) (tick size and value)
EXERCISE DEADLINE	Exercise by 17:00 hours (London time) on any business day prior to the Last Trading Day and until 11:45 hours (London time) on the Last Trading Day
EXPIRY TIME	11:45 hours (London time). An option to which the Exchange is party as Buyer and which has not been exercised shall expiry at 07:00 hours (London time) on the business day following the Last Trading Day.
DELIVERY DAY	Delivery on the first business day after day of exercise
TRADING HOURS	07:32 – 18:00 hours (London time)
MARKET / TRADING PLATFORM	London / LIFFE CONNECT®
ALGORITHM	Central Order Book applies a pro-rata trading algorithm, but with priority given to the first order at the best price subject to a minimum order volume and limited to a maximum volume cap
WHOLESALE SERVICES	Block Trading
EXERCISE PRICE INTERVAL	0.125 (i.e. 0.125%) e.g. 94.000, 94.125, 94.250 etc for all expiry months
INTRODUCTION OF NEW SERIES	Twenty-five series will be listed for each new expiry month. Additional series will be listed when the Three Month Sterling Interest Rate Futures Contract settlement price is within 0.06 of the twelfth highest or lowest existing exercise price, or as deemed necessary by the Exchange
OPTION PREMIUM	The contract price is not paid at the time of purchase. Option positions, as with futures position, are settled-to-market daily giving rise to positive or negative variation margin flows. When the Buyer exercises/abandons an option, the Buyer is required to pay the original contract price to NYSE Liffe's Clearing Services Provider (the CSP) and the CSP will pay the original option price to the Seller on the following business day. Such payments will be netted against the variation margin balances of Buyer and Seller by the CSP.
CLEARING	NYSE Liffe Clearing
CABINET TRANSACTION PRICE	0.08 Basis Points