

CIRCULAR

29 NOVEMBER 2017

CIRCULAR 17/186

ICE FUTURES EUROPE OPTIONS ON LONG GILT FUTURES LIQUIDITY PROVIDER PROGRAMME

CATEGORY

Trading

ATTACHMENTS

None

The purpose of this Circular is to invite applications for Liquidity Provider (“LP”) status in the ICE Futures Europe (“the Exchange”) Options on Long Gilt Futures Programme.

The LP Programme will run for an initial 12 month period from Friday 01 December 2017 to Friday 30 November 2018 inclusive and will apply to both central limit order book trades and Block trades.

LP Obligations

An LP is a company, or a trading desk within a company, whose primary function is to provide market making services by maintaining current, firm bid and offer prices for the relevant registered account(s). Specifically, appointed LPs in Options on Long Gilt Futures will provide competitive two-way prices and order size throughout the trading session to attract customer order flow.

LPs will be required to quote for 65% of the Liquid Trading Day, which is defined as being between the hours of 08:00 and 16:15 London time.

LPs will be obliged to stream prices in the front month for calls and puts in the at-the-money strike at a maximum spread of 20 ticks, with a further obligation to quote in at least 4 other strikes around the current underlying price at a maximum spread of 10 ticks. LPs will be obliged to stream prices in the second month starting on the 15th day of the month (or the first business day thereafter if the 15th is not a business day). In a fast market (as defined by the Exchange), the spread requirements will be doubled.

LPs will also be obliged to respond to Requests For Quotes on a best endeavours basis.

The minimum quotation size is 100 contracts on both the bid and ask side.

In addition, LPs will be required to assist with the settlement process, namely by;

- the provision of theoretical option prices;
- the provision of information relating to orders that are being worked in the market (but which are not reflected in on-screen prices);
- the submission of orders through the Internal Matching Engine to reflect such orders; and
- the provision of daily information relating to straddle runs.

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LP Benefits

LPs will be eligible for an Exchange fee rebate of £0.08 and a Clearing fee rebate of £0.20 per options contract.

In addition, in return for fulfilling the Programme obligations, Programme participants will be eligible to share in a monthly performance-based pool of fee credits. Performance will be assessed based upon volume traded and the relative allocation will be awarded as follows: 35%, 25%, 20%, 10%, 10%. In the event that there are fewer than 5 participants, the unallocated credits will be distributed on a volume pro rata basis to participating LPs, subject to an individual cap of 85% per month.

The fee credits can only be offset against net Exchange Fixed Income and Clearing Fees.

Please note a total market-wide volume threshold of a minimum of 5,000 contracts applies for the fee credits to be awarded, and after the first 6 months of the Programme this will be increased to 10,000 contracts.

Participation

LPs will be selected by the Exchange on the basis of:

- (i) The applicant's ability to provide market making services;
- (ii) The applicant's previous market making experience.

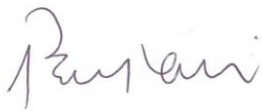
The Exchange's decision with respect to the appointment of participants will be final. Furthermore, the Exchange reserves the right to suspend or withhold all or part payment of rebates and or fee credits.

The Exchange will be monitoring all activity executed on the ICE Platform and may instigate disciplinary procedures in the event that any transaction is subsequently found to have been made other than in compliance with the Regulations.

The Exchange requests Members and their customers with an interest in joining the Programme to contact the Exchange by emailing rates@theice.com or calling +44 (0)20 7429 4640.

Please ensure that the appropriate members of staff within your organisation and customers are advised of the content of this Circular.

Signed:



Patrick Davis
Company Secretary

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FOR MORE INFORMATION, PLEASE CONTACT:

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