

Circular 20/132 Extension of and amendments to the ICE Futures Europe Three Month SOFR Index Futures Liquidity Provider Programme

Category

Trading

Attachments

None

The purpose of this Circular is to inform Members of the extension of and amendments to the ICE Futures Europe Three Month SOFR Index Futures Liquidity Provider Programme (“the Programme”) that is due to expire on 30 September 2020 (Circular [20/048](#)).

Effective 1 October 2020, the Programme will be extended on the amended terms set out in this Circular and the programme name will be changed to the “**SOFR Index Futures Liquidity Provider Programme**”. The new expiration date for the Programme will be 31 March 2021.

Please be aware that all participants currently enrolled in the Programme will need to re-apply via email to rates@theice.com if they wish to remain in the Programme. New applicants will be subject to Exchange approval and only once this is complete will be eligible for the Programme’s benefits.

Programme Obligations

Liquidity Providers (“LP”) will be obliged to quote for 60% of the Liquid Trading Day, which is defined as being between 05:00-17:00 New York Time.

LPs will also be required to quote at a benchmark spread and size that promotes a liquid market across the front seven outright Futures contracts and the front seven one month Calendar Spreads that have one month intervals. Please see the below table that outlines the quoting requirements:

Futures Contract	Qty	B/A Spread	Presence
1M SOFR Indexed Futures Contract - (Contracts 1 - 3)	25	0.010	60%
1M SOFR Indexed Futures Contract - (Contracts 4)	25	0.015	60%

Calendar Spreads	Qty	B/A Spread	Presence
1M SOFR Calendar Spreads (Front months 1 - 7 months)	25	0.010	60%

Futures Contract	Qty	B/A Spread	Presence
3M SOFR Indexed Futures Contract - (White Months)	25	0.010	60%
3M SOFR Indexed Futures Contract - (Red Months)	15	0.015	60%

Calendar Spreads	Qty	B/A Spread	Presence
3M SOFR Quarterly Spreads (Front Contract is a White Month)	25	0.010	60%
3M SOFR Quarterly Spreads (Front Contract is a Red Month)	15	0.010	60%

[View All Circulars](#) / [Subscribe](#) / [Media Inquiries](#)

Commercial Terms

LPs will receive a fee rebate of \$1.00 from the Exchange (\$0.20 in respect of the Exchange Fee and \$0.80 in respect of the Clearing Fee) in relation to LP traded volume.

In addition, in return for fulfilling the benchmark obligations and minimum monthly volume requirements, Programme participants will be eligible to share in a monthly performance-based pool of cash. Performance will be assessed upon weighted volume and calculated on a per lot level according to weights defined in the below table. The relative allocation of the aforementioned performance-based cash pool will be according to weighted volume pro-rata subject to an individual cap of 40% per month.

The Exchange reserves the right to adjust the weighting of lots within a Contract Bucket before the beginning of any month and will notify participants by Circular

1 Month SOFR Futures Contract Bucket	Lot Weighting
Contracts 1 - 3	5
Contracts 4 - 6	10
Contracts 7 - 9	15
Contracts 10+	25

3 Month SOFR Futures Contract Bucket	Lot Weighting
White	1
Red	1
Green	4
Blue	16
Gold	32
Purple	64

3 Month SOFR/Eurodollar Futures ICS Contract Bucket	Lot Weighting
White	5
Red	10
Green	20
Blue	40
Gold	80
Purple	160

In addition, each individual firm approved onto the Programme will be required to meet the following minimum monthly volume requirements to be eligible for participation in the performance-based cash pool:

Futures Contract	Quantity (lots)
1 Month SOFR	7,500
3 Month SOFR	15,000

A participant's failure to trade the specified minimum volumes in each of the relevant Contracts listed in the table above a given calendar month may result in the Exchange terminating that participant's future participation in the Programme.

[View All Circulars](#) / [Subscribe](#) / [Media Inquiries](#)

Participation

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

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

- i) The applicant's ability to provide liquidity provision services; and
- ii) The applicant's previous liquidity provision 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 cash.

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.

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

Signed:



Laurence Walton
Head of Regulation and Compliance

For more information, please contact:

Fixed Income
+ 44 (0)20 7429 4640
rates@theice.com

Harvey Flax
+1 (212) 323-8877
harvey.flax@theice.com

[View All Circulars](#) / [Subscribe](#) / [Media Inquiries](#)