

Circular 22/077 Extension of the One Month SONIA Index Futures Liquidity Provider Programme

Category

Trading

Attachments

None

The purpose of this Circular is to inform Members and Clients of the extension to the One Month SONIA Index Futures Liquidity Provider (“LP”) Programme (“the Programme”) that is due to expire on Tuesday 31 May 2022. ([Circular 21/079](#)). The new expiration date for the Programme is Wednesday 31 May 2023.

The Programme will be extended on the amended terms set out in this Circular. The amendments to the Programme concern the Programme Quoting Obligations and the size of the cash pool.

Please be aware that all LPs currently enrolled in the Programme will need to re-apply via email to rates@ice.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

Appointed LPs will be required to make two tier continuous two-way prices, at or tighter than a specified bid-offer quote spread in the front four outright One Month SONIA Index Futures (“1M SONIA Futures”) (and the front seven One Month Calendar Spreads that have one month intervals). For each defined contract, LPs’ quoting activity will be measured relative to spread (“Benchmark Spread”), size (“Benchmark Size”) and presence (“Benchmark Presence”) as set out in the following table.

Futures Contract	Benchmark Size	Benchmark Spread	Benchmark Presence
1M SONIA Futures - (Contracts 1-3) (Tier 1)	10	0.010	75%
1M SONIA Futures - (Contracts 1-3) (Tier 2)	100	0.030	75%
1M SONIA Futures - (Contracts 4) (Tier 1)	10	0.015	75%
1M SONIA Futures - (Contracts 4) (Tier 2)	100	0.040	75%
One Month Calendar Spreads	Benchmark Size	Benchmark Spread	Benchmark Presence
1M SONIA Cal Spread (front months 1-7) (Tier 1)	10	0.010	75%
1M SONIA Cal Spread (front months 1-7) (Tier 2)	100	0.030	75%

LPs will be required to quote for 75% of the Liquid Trading Day, which is defined as being between 07:30-18:00 London time.

Please note that in the case a stressed market is declared by ICE Futures Europe (“the Exchange”), the Programme quoting obligations could be relaxed or suspended for a designated period of time.

Commercial Terms

LPs will receive a fee rebate of £0.56 from the Exchange (£0.11 in respect of the Exchange Fee and £0.45 in respect of the Clearing Fee) in relation to LP traded volume.

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In addition, in return for fulfilling the benchmark obligations, Programme participants will be eligible to share in a monthly performance-based cash pool. Performance will be assessed based upon volume traded and the relative allocation will be awarded as follows: 35%, 25%, 20%, 10% and 10%. In the event that there are fewer than 5 participants, the unallocated cash will be distributed on a volume pro rata basis to participating LPs, subject to an individual cap of 85% per month. Each 1M SONIA Future traded by participants carries the same weighting in the pool calculation, a weighting of 1.

Please note, effective 01 June 2022 the size of the cash pool will be increased.

A total market-wide monthly volume threshold of a minimum of 5,000 lots of 1M SONIA Futures applies for the cash pool to be awarded for the month in question.

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 SONIA 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:

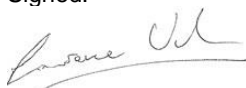
- i) The applicant's ability to provide liquidity provision services; and
- ii) The applicant's previous liquidity provision experience.

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 will 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
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For more information, please contact:

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