

LONDON NOTICE No. 2703

ISSUE DATE: 4 November 2005
EFFECTIVE DATE: 2 January 2006

SHORT TERM INTEREST RATE FUTURES CONTRACTS

LIQUIDITY PROGRAMME FOR PROPRIETARY TRADERS BASED IN THE UNITED STATES

Executive Summary

This Notice advises members of the extension of the liquidity programme in respect of Short Term Interest Rate ("STIR") Futures Contracts for eligible proprietary traders based in the United States. The extended programme will be effective from 2 January 2006 to 29 December 2006 on the revised terms described in this Notice.

1. Introduction

- 1.1 LIFFE General Notice No. 2542, issued on 25 October 2004, informed members of the introduction of the U.S. STIR Liquidity Programme ("USLP") which is designed to provide benefits to U.S.-based proprietary traders of Euronext.liffe STIR Futures Contracts.
- 1.2 This Notice informs members that the USLP will be extended, on the revised terms explained in section 2, from 2 January 2006 until the close of business on 29 December 2006.

2. Revisions to the USLP

- 2.1 Effective 2 January 2006, the USLP will be revised as follows:
 - (a) the USLP will provide registered U.S.-based proprietary traders who transact a minimum of 2,500 lots of Qualifying Business during a calendar month with 100% Exchange transaction fee rebates on the next 12,500 lots of Qualifying Business transacted during that same month;
 - (b) the Eurodollar Programme within the USLP will be terminated; and
 - (c) if they so wish, individuals registered in the USLP will be permitted to terminate their USLP registration in order to transfer into the STIR Liquidity Provider ("SLP") Programme, but they will not subsequently be permitted to transfer back into the USLP in 2006.

Web site: www.euronext.com/derivatives

The Euronext Derivatives Markets ("Euronext.liffe") include 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.

2.2 U.S. proprietary traders who are registered with the Exchange for the current USLP will be deemed to be registered for the extension of the USLP in effect from 2 January 2006.

2.3 All other terms and conditions of the extended Programme remain the same as those of the USLP which is in effect until 30 December 2005. For ease of reference, these are described in section 3 of this Notice.

3. All Other Terms and Conditions

3.1 Exchange transaction fee rebates will only be available in respect of Qualifying Business transacted by U.S. proprietary traders who are registered by the Exchange in the USLP.

3.2 Qualifying Business is business which satisfies the following criteria:

- (a) it is executed in the Euribor Futures Contract, Short Sterling Futures Contract and Euroswiss Futures Contract;
- (b) it is assigned to a person registered by the Exchange in the USLP; and
- (c) it is proprietary business of the person registered by the Exchange in the USLP and not client business.

3.3 To be eligible to participate in the USLP, traders must be U.S. domiciled proprietary traders:

- (a) who are registered with the CFTC as floor traders or floor brokers and whose principal activities include trading futures on a discretionary basis for their own account; or
- (b) whose principal activity is trading futures on a discretionary basis for their own account; or
- (c) who are trading for the account of a U.S. entity whose principal activity is trading futures on a discretionary basis, such as proprietary trading groups or trading arcades.

3.4 Individuals registered in the USLP may not be registered in the Individual Liquidity Provider Programme or the SLP Programme in respect of the Euribor or Short Sterling Futures Contracts.

3.5 Exchange transaction fee rebates for all Qualifying Business transacted by a registered USLP trader in excess of 2,500 lots and up to 15,000 lots per calendar month (i.e. a maximum of 12,500 lots) will be made one month in arrears. Exchange transaction fees at the headline rate for the relevant contract (e.g. 25 pence per side per lot) will be levied on the first 2,500 lots of Qualifying Business and for all Qualifying Business in excess of 15,000 lots per month transacted by a USLP trader and no rebate shall be made in respect of such business. LCH.Clearnet clearing fees of 3 pence per side per lot will be applied to all Qualifying Business transacted by USLP traders.

- 3.6 Members may register eligible U.S.-based proprietary traders at any time throughout the duration of the USLP, up to and including the penultimate month of the Programme. To benefit from the 100% rebate of Exchange transaction fees in a particular calendar month, eligible U.S. proprietary traders must be registered with the Exchange in the USLP prior to the start of that calendar month.
- 3.7 Members wishing to register individual U.S. proprietary traders in the USLP should request a copy of the formal Terms and Conditions in respect of the Programme and an application form from Nancy Kaplan or Colleen Herbert. The Exchange reserves the right to limit participation in the USLP and shall accept individuals for participation at its absolute discretion.

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

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